



# Completion Report

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**PUBLIC**

Project Numbers: 47305-002 and 47305-004  
Loan Numbers: 3471 and 3673  
November 2023

## Uzbekistan: Horticulture Value Chain Development Project

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**Asian Development Bank**

## CURRENCY EQUIVALENTS

Currency unit – sum (SUM)

	<b>At Appraisal</b>	<b>At Project Completion</b>
	3 October 2016	30 June 2022
SUM1.00 =	\$0.00033	\$0.000092
\$1.00 =	SUM3,009.95	SUM10,857.20

## ABBREVIATIONS

AB	–	Asaka Bank
ADB	–	Asian Development Bank
AEFS	–	Audited Entity Financial Statements
AIFSA	–	Agency for the Implementation of Projects in Agro-industrial Complex and Food Supply
APFS	–	Audited Project Financial Statements
COVID-19	–	Coronavirus Disease
DB	–	Davr Bank
ESMS	–	Environmental and Social Management System
GAP	–	Gender Action Plan
HB	–	Hamkorbank
IB	–	Ipoteka Bank
ISCAD	–	International Strategic Center for Agri-Food Development
IYB	–	Ipak Yuli Bank
NBU	–	National Bank of Uzbekistan
NPL	–	Nonperforming Loan
PFI	–	Participating Financial Institution
PIU	–	Project Implementation Unit
SMEs	–	Small and Medium-sized Enterprises
SQB	–	Uzbek Industrial and Construction Bank
TA	–	Technical Assistance
TB	–	Turon Bank

## NOTE

In this report, "\$" refers to United States dollars.

<b>Vice-President</b>	Shixin Chen, Office of the Vice-President (South, Central and West Asia)
<b>Director General</b>	Eugene Zhukov, Central and West Asia Department (CWRD)
<b>Director</b>	Kanokpan Lao-Araya, Uzbekistan Resident Mission (URM), CWRD
<b>Team leader</b>	Hiroki Katayama, Senior Portfolio Management Specialist, URM, CWRD
<b>Team members</b>	Farida Djumabaeva, Gender and Social Development Officer, URM, CWRD
	Feruzha Insavaliyeva, Safeguards Officer, URM, CWRD
	Hiroki Katayama, Senior Portfolio Management Specialist, URM, CWRD
	Anvar Kuylibaev, Associate Project Analyst, URM, CWRD
	Leonard Leung, Natural Resources and Agriculture Economist, Sectors Group - Agriculture, Food, Nature, and Rural Development Sector Office, CWRD
	Raushania Sibagatulina, Associate Financial Management Officer, URM, CWRD

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## BASIC DATA

### A. Loan Identification

1.	Country	Uzbekistan
2.	Loan numbers and financing sources	L3471-UZB (Asian Development Fund), L3673-UZB (Ordinary capital resources)
3.	Loan title	Horticulture Value Chain Development Project
4.	Borrower	Republic of Uzbekistan
5.	Names of financial intermediaries	Joint-Stock Commercial Bank "Asaka" (AB), Private Joint-Stock Commercial Bank "Davr Bank" (DB), Joint-Stock Commercial Bank with Foreign Capital Hamkorbank (HB), Joint-Stock Commercial Mortgage Bank "Ipoteka Bank" (IB), Joint-Stock Innovation Commercial Bank "Ipak Yuli" (IYB), The National Bank for Foreign Economic Activity of the Republic of Uzbekistan (NBU), Joint-Stock Commercial Bank "Uzbek Industrial and Construction Bank" (SQB), and Joint-Stock Commercial Bank "Turon Bank" (TB)
6.	Amount of loan	SDR111,585,000 (L3471-UZB) \$198,000,000 (L3673-UZB)

### B. Loan Data

1.	Appraisal	
	– Date started	19 August 2016
	– Date completed	30 August 2016
2.	Loan negotiations	
	– Date started	17 October 2016
	– Date completed	18 October 2016
3.	Board approval	L3471 – 25 November 2016 L3673 – 14 June 2018
4.	Loan agreement signed	
	– L3471	3 March 2017
	– L3673	5 November 2018
5.	Loan effectiveness	
	– L3471	
	– In loan agreement	2 May 2017
	– Actual	28 April 2017
	– Number of extensions	0
	– L3673	
	– In loan agreement	4 January 2019
	– Actual	3 December 2018
	– Number of extensions	0

6. Loan closing date
- In loan agreement
  - L3471 30 June 2022
  - L3673 30 June 2022
  - Actual
  - L3471 10 October 2022
  - L3673 10 October 2022
  - Number of extensions 0
7. Financial closing date
- Actual
  - L3471 10 October 2022
  - L3673 10 October 2022
8. Terms to the borrower
- L3471
  - Interest rate 2% per annum
  - Maturity 25 years
  - Grace period 5 years
  - Free limit Not applicable
  - Repayment terms 25 years
  - L3673
  - Interest rate 2% per annum
  - Maturity 25 years
  - Grace period 5 years
  - Repayment terms 25 years
9. Terms of relending
- L3471
  - L3673
- The government's relending rate will be the interest rate charged by ADB for the loan plus an appropriate margin to cover administrative and risk costs relevant for the participating financial institutions (PFIs).
10. Interest rate for subloans
- L3471
  - Original
- The government will charge the interest on the ADB loan plus 0.2% per annum to the PFIs. The PFIs' interest rates carry the cost for (i) loan origination, (ii) provision of foreign exchange to service the ADB loan, and (iii) credit risk and related capital charges.
- Revised
  - L3673
  - Original
  - Revised
- Not revised.
- The government will charge the interest on the ADB loan plus 1% per year to the PFIs. Not revised.
11. Disbursements
- a. Dates

Loan	Initial Disbursement	Final Disbursement	Time Interval
L3471	30 May 2017	5 October 2022	65.13 months

L3673	12 December 2018	12 July 2022	43.60 months
	<b>Effective Date</b>	<b>Actual Closing Date</b>	<b>Time Interval</b>
L3471	28 April 2017	10 October 2022	66.34 months
L3673	3 December 2018	10 October 2022	46.90 months

## b. Amount (\$million)

Subloan	Original Allocation n (1)	Increased during Implementation n (2)	Canceled during Implementation n (3)	Last Revised Allocation (4=1+2-3)	Amount Disbursed (5)	Undisbursed Balance <sup>a</sup> (6 = 4 - 5)
Credit lines to PFIs	349.00	349.40	0.00	349.40	349.40	0.00
Project management and implementation	3.00	2.98	0.00	2.98	2.10	0.88
<b>Total</b>	<b>352.00</b>	<b>352.38</b>	<b>0.00</b>	<b>352.38</b>	<b>351.50</b>	<b>0.88</b>

## C. Implementation Data

1. Number of subloans – 359
2. Sector distribution of subloans

Sector	Projected	Actual \$('000)
Cold storage	83	44,507.0
Intensive orchard	25	21,955.0
Processing of horticultural products	45	59,239.0
Establish modern greenhouses	195	212,803.0
Packaging	4	3,843.4
Purchasing agricultural and other machinery	7	7,052.2
<b>Total</b>	<b>359</b>	<b>349,399.6</b>

3. Size of subloans (actual) (\$)

Range	Number of Subloans	Aggregate Amount
Up to \$999,999	253	102,313,300
From \$1,000,000 to \$1,999,999	58	79,494,300
From \$2,000,000 to \$2,999,999	20	47,214,600
From \$3,000,000 to \$3,999,999	8	25,859,300
From \$4,000,000 to \$5,000,000	20	94,518,300

4. Other breakdown of subloans (\$million)

Criteria	Projected	Actual
Small and medium enterprise finance and leasing	230.00	230.00
Agricultural policy, institutional and capacity development	5.00	4.10
Agro-industry, marketing, and trade	69.00	69.40
Land-based natural resources management	48.00	47.95
<b>Total</b>	<b>352.00</b>	<b>351.45</b>

5. Subloans above free limit (\$million)

Subloan	Aggregate Number	Amount
<b>Loan 3471</b>		
A03, A04, A05, A06, A07, A09, A13, A17, A19, A20	10	131.09

**Loan 3673**A01, A02, A03, A05, A07, A08, A10, A12, A13, A15, A16,  
A17, A23, A25, A26, A29

16

179.81

**6. Project performance report ratings**

<b>Single Project Rating</b>						
<b>Implementation Period</b>	<b>Rating</b>	<b>Technical/Outputs</b>	<b>Contract Awards</b>	<b>Disbursement</b>	<b>Financial Management</b>	<b>Safeguards</b>
28 Apr 2017–30 Jun 2017	On track	Yes	On track	On track	On track	Satisfactory
1 Jul 2017–31 Dec 2017	On track	Yes	On track	On track	On track	Satisfactory
1 Jan 2018–31 Mar 2018	On track	Yes	On track	On track	On track	Satisfactory
1 Apr 2018–31 Dec 2018	Potential problem	Yes	On track	On track	At Risk	Satisfactory
1 Jan 2019–31 Mar 2019	Potential problem	Yes	For attention	On track	At Risk	Satisfactory
1 Apr 2019–30 Jun 2019	On track	Yes	For attention	On track	On track	Satisfactory
1 Jul 2019–30 Sep 2019	Potential problem	Yes	On track	On track	At Risk	Satisfactory
1 Oct 2019–31 Dec 2019	On track	Yes	On track	On track	On track	Satisfactory
1 Jan 2020–30 Jun 2020	On track	Yes	On track	On track	For attention	Satisfactory
1 Jul 2020–31 Dec 2020	On track	Yes	On track	On track	On track	Satisfactory
1 Jan 2021–30 Sep 2021	On track	On track	On track	On track	On track	On track
1 Oct 2021–31 Dec 2021	For attention	On track	For attention	On track	On track	On track
1 Jan 2022–31 Mar 2022	For attention	On track	For attention	On track	On track	On track
1 Apr 2022–30 Jun 2022	For attention	On track	For attention	On track	On track	For attention
1 Jul 2022–31 Dec 2022	On track	On track	On track	On track	On track	On track

**D. Data on Asian Development Bank Missions**

<b>Name of Mission</b>	<b>Dates</b>	<b>No. of Persons</b>	<b>No. of Person-Days</b>	<b>Specialization of Members</b>
Fact-finding 1	19 Aug–30 Aug 2016	4	48	a,e,l,h
Loan inception 1	9 Oct–17 Oct 2017	4	44	a,b,c,j
Fact-finding 2 (additional financing)	5 Feb–13 Feb 2018	5	50	a,b,e,l,o
Review 1	10 Dec–18 Dec 2018	4	36	a,b,c,i
Loan inception 2 (L3673-additional financing)	11 Feb–14 Feb 2019	2	26	a,b
Review 2	1 July–11 July 2019	4	44	a,d,e,f
Review 3	10 Feb–18 Feb 2020	4	36	a,b,c,j,g
Review 4	7 Sep–11 Sep 2020	9	45	a,b,d,f,e,h,i,k, j
Review 5 (midterm)	2 Aug–6 Aug 2021	6	22	a,b,d,f,i,n
Project completion review	7 Jun–8 Jun 2022	8	16	d,e,h,k,l,m,n



a = senior natural resources and agriculture economist, b = senior project officer, c = associate project officer, d = associate project analyst, e = senior social development and gender officer, f = associate safeguards officer, g = consultant, h = senior portfolio specialist, i = associate financial management officer, j = operations assistant, k = project officer, l = safeguards specialist, m = financial management specialist, n = senior operations assistant, o = principal council.

## I. PROJECT DESCRIPTION

1. The Asian Development Bank (ADB) approved a special operations loan of \$154 million on 25 November 2016 to finance the Horticulture Value Chain Development Project (Loan 3471-UZB).<sup>1</sup> The loan agreement was signed on 3 March 2017 and became effective on 28 April 2017. Following rapid disbursement of Loan 3471-UZB, ADB approved additional financing of \$198 million through ordinary operations (concessional) Loan 3673-UZB on 14 June 2018 to meet Uzbekistan's large demand for horticulture development.<sup>2</sup> The loan agreement for the additional financing was signed on 5 November 2018 and became effective on 3 December 2018. The actual financial closing for both the original project and additional financing was 10 October 2022.

2. **Impact, Outcome, and Outputs.** The project impact is improved contribution of the horticulture sector to inclusive economic growth and rural employment. The project outcome is increased production and marketing of horticultural products, and the output is increased financing of the horticulture sector (Appendix 1).

3. **Implementation arrangements.** Executing agency was the Rural Restructuring Agency, which was first restructured to become the Agency for the Implementation of Projects in Agro-industrial Complex and Food Supply (AIFSA)<sup>3</sup> and finally to the International Strategic Center for Agri-Food Development (ISCAD) under the Ministry of Agriculture. Eight participating financial institutions (PFIs) were selected as implementing agencies: Asaka Bank (AB), Davr Bank (DB), Hamkorbank (HB), Ipoteka Bank (IB), Ipak Yuli Bank (IYB), the National Bank for Foreign Economic Activity of the Republic of Uzbekistan (NBU), Uzbek Industrial and Construction Bank (SQB), and Turon Bank (TB). A project implementation unit (PIU) was established under the Rural Restructuring Agency and its succeeding entities.

4. **Project Schedule and Cost.** At appraisal, the project was to be completed in 60 months by 31 December 2021 with financial closing date 30 June 2022 and funding of \$154 million. The project took 62 months and was completed on 28 February 2022 with the same loan closing date and funding of \$351.5 million that included additional funding (Appendixes 2, 3, and 4). Strong demand in the horticulture sector was confirmed during implementation and therefore additional financing was provided to accommodate the demand.

## II. PROJECT DESIGN

### A. History

5. Of the eight PFIs, five are government-owned. NBU, established in 1991, is a state bank and, with a 24.0% market share, the country's largest bank by total assets. Established in 1991 and with a 14.2% market share, SQB is the second-largest bank. It also is state-owned. AB, established in 1995, is the third-largest bank with 11.8% market share and 67.0% of its stock belongs to the government. IB, established in 2005, is the fourth-largest bank with 7.0% market

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<sup>1</sup> ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan: Horticulture Value Chain Development Project*. Manila.

<sup>2</sup> ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Proposed Loan for Additional Financing to the Republic of Uzbekistan: Horticulture Value Chain Development Project*. Manila.

<sup>3</sup> AIFSA was established by decision of the Cabinet of Ministers No. 940 of 21 November 2018 based on the Rural Restructuring Agency and the Center for the Implementation of Investment Projects in Agriculture and Water Management. AIFSA was considered a competent state body responsible for facilitating the development of and organization for implementing large-scale projects in the field of agro-industrial complex and food supply.

share and the government owns 66.2% of its stock. TB was established in 1990 and has a market share of 1.1%. Its main shareholders are government agencies.

6. Three PFIs are privately owned. HB, established in 1991, has a market share of 4.7%. Private individuals own 60.8% of the bank's stock while International Finance Cooperation holds 7.3%, Maatschappij Voor Ontwikkelingslanden (FMO) of the Netherlands owns 14.6%, and other legal entities hold 17.4%.<sup>4</sup> IYB, established in 1990, has 2.0% of assets in the market. Since 2013, ADB has become a shareholder of IYB, with 13.4% of shares at the end of 2015.<sup>5</sup> DB, established in 2001, has a market share of 0.4% and is owned by eight private individuals whose ownership interests range from 3.14% to 49.8%.

## B. Scope of Operations

7. The PFIs operate in a similar manner albeit with different business priorities. They cover a wide range of banking services that include lending to corporates, small and medium-sized enterprises (SMEs), and retail clients; retail banking services; and other banking services approved by the Central Bank of Uzbekistan (Appendix 5). TB, DB, and HB give priority to lending to export-oriented enterprises and enterprises producing high value-added products. NBU focuses on projects that involve secondary processing of raw materials, modernization and expansion of industrial assets, export potential of regions, and so-called green projects.

8. The executing agency is tasked with monitoring PFI performance and compliance with project agreements, monitoring targets in the design and monitoring framework, coordinating capacity development activities regarding PFIs and sub-borrowers, and monitoring timely disbursement of ADB loan funds to PFIs.

## C. Relationship with ADB and Other Lenders

9. All PFIs had participated in past ADB-funded projects, more recent examples being (i) DB, IYB, and HB in the Small Business Finance Project (\$100 million approved on 30 June 2016);<sup>6</sup> (ii) NBU in the Housing for Integrated Rural Development Investment Program (\$500 million approved on 31 August 2011);<sup>7</sup> and (iii) HB and IYB in the Small Business and Entrepreneurship Development Project (\$50 million approved on 1 October 2013).<sup>8</sup> All these projects were rated *successful*. On 25 September 2019, ADB approved the Livestock Value Chain Development Project (\$150 million) in which SQB, TB, and IB were selected as PFIs.<sup>9</sup>

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<sup>4</sup> Founded on 8 July 1970, FMO is a Dutch development bank structured as a bilateral private sector international financial institution based in the Hague, the Netherlands. FMO manages funds for the Ministries of Foreign Affairs and Economic Affairs of the Dutch government to promote private sector investments.

<sup>5</sup> ADB. 2012. [Report and Recommendation of the President to the Board of Directors: Proposed Equity Investment in JSC Bank Ipak Yuli in Uzbekistan](#). Manila.

<sup>6</sup> ADB. 2016. [Report and Recommendation of the President to the Board of Directors: Proposed Small Business Finance Project](#). Manila. The project was completed in December 2021 and a project completion report is under preparation.

<sup>7</sup> ADB. 2018. [Performance Evaluation Report: Housing for Integrated Rural Development Investment Program - Tranches 1, 2, and 3](#). Manila.

<sup>8</sup> ADB. 2018. [Project Completion Report: Small Business and Entrepreneurship Development Project](#). Manila.

<sup>9</sup> ADB. 2019. [Report and Recommendation of the President to the Board of Directors: Proposed Livestock Value Chain Development Project](#). Manila.

## D. Project Design and Formulation

10. Given the importance of agriculture in rural employment and livelihoods, the Government of Uzbekistan prioritizes agriculture as one of the five priority areas in its National Strategy of Development of Uzbekistan for 2017-2021,<sup>10</sup> and again in the National Strategy of Development for Uzbekistan for 2022-2026.<sup>11</sup> Private sector development in agriculture is aligned with ADB's 2012–2016 country partnership strategy for Uzbekistan, which emphasized sustained economic growth in agricultural production and rural incomes, increased financial stability, and improved access to finance.<sup>12</sup>

11. Between 2005 and 2015, the horticulture sector witnessed dramatic change and increased importance within agriculture. Production areas increased by 41% for vegetables, 53% for melons, and 28% for fruits and berries. The government aimed to enhance the horticulture value chain and thereby to improve production, export, processing, storage, and food security. Horticultural production in Uzbekistan is dominated by smallholder farmers with less than 10 hectares of land and by SMEs. Further horticultural expansion would depend on the smallholder farmers and SMEs expanding their production.

12. Smallholder farmers and SMEs faced multiple challenges in accessing financing from commercial banks, which were reluctant to extend loans due to perceived riskiness of the agriculture sector and high transaction costs: agricultural loans are typically in smaller amounts, the highly seasonal nature of agricultural cash flow renders credit assessment more difficult, and the farmer population is so dispersed that any local bank branches would be unprofitable. Also, farmers and SMEs lack the collateral, typically equating to 125% of the loan value, that is required by commercial banks. Often, farmers lack the financial literacy and management skills to prepare business plans. These factors contribute to high interest rates that range from 11% to 25% for local currency loans and from 6% to 15% for foreign currency loans. Hence, the project aimed to support farmers and SMEs in overcoming their difficulty in accessing financing by using the financial intermediary loan modality.

## E. Technical Assistance

13. ADB provided project preparatory technical assistance, TA 8567-UZB,<sup>13</sup> to assist with due diligence for both the original and additional financing.<sup>14</sup> The closing date for the technical assistance (TA) was extended from 1 January 2017 to 30 June 2017 to enable support to the start-up activities for the project. TA 8567-UZB achieved the intended outcomes and outputs. Hence, it is rated *successful*. The TA was highly relevant to and, indeed, guided government policy in respect of agriculture sector commercialization and diversification. Extension of the TA facilitated preparing the project to support the implementation of government policy in enhancing the private sector's role in agriculture. The rapid utilization of the original project loan funds, the additional financing, and the expansion of horticultural product marketing in domestic and export

<sup>10</sup> Decree of the President of the Republic of Uzbekistan dated 7 February 2017, No. 4947, "On Strategy of Actions for Further Development of the Republic of Uzbekistan."

<sup>11</sup> Decree of the President of the Republic of Uzbekistan dated 28 January 2022, No. 60, "On the Development Strategy of New Uzbekistan for 2022-2026."

<sup>12</sup> ADB. 2012. [Uzbekistan: Country Partnership Strategy 2012–2016](#). Manila.

<sup>13</sup> ADB. 2019. [Innovations for agriculture modernization: Technical Assistance Completion Report](#). Manila.

<sup>14</sup> Output 1 of the TA (Suitable financing arrangements for agricultural mechanization and crop diversification developed) helped prepare due diligence of the project successfully.

markets indicate that the TA's outcome and outputs are likely sustainable. The performance of the consulting firm and individual consultants was rated satisfactory and was instrumental in assessing the overall rating for the TA.

### **III. PROJECT IMPLEMENTATION**

#### **A. Lending Policies**

14. PFIs are responsible for sub-borrowers' selection while following their respective credit assessment procedures, risk management policies, and compliance with ADB's safeguard policy. PFIs must ensure sub-borrowers' eligibility, such as that they are (i) being registered and in compliance with laws and regulations of Uzbekistan; and (ii) not a related party of the PFI as defined by the laws of Uzbekistan and regulations of the Central Bank of Uzbekistan. The subloan agreements stipulate that if a PFI or subborrower is found to be noncompliant with the lending terms then the PFI must return the project funds to the Ministry of Finance and the subborrower must repay the PFI. During implementation, no circumstances of noncompliance were observed.

#### **B. Characteristics of Subloans**

15. The project financed 359 horticultural subprojects, including (i) 25 orchards in the amount of \$21.96 million on 4,234 hectares with installation of drip irrigation systems; (ii) 195 greenhouses in the amount of \$212.8 million on 561 hectares; (iii) 82 cold storage facilities (value \$44.5 million) with capacity of 104,500 tons; (iv) 46 agricultural processing lines (value \$59.2 million) with capacity of 223,929 tons per year; (v) 4 packaging and container lines (value \$3.8 million); and (vi) 7 subprojects (value \$7.1 million) for fleets of agricultural machinery (Appendix 6).

16. No lending restrictions were placed on the horticultural crop, geographical area, or type of infrastructure that could be financed. The lending terms were as follow: (i) the subloan is to finance capital investment (and not working capital); (ii) the maximum subloan amount was the lesser of \$5.0 million and 75% of the capital investment costs; (iii) the sub-borrower's contribution for the remaining 25% must be from its own financial resources (and not from debt-financing); (iv) sub-borrowers were required to provide collateral in the form of realizable and unencumbered assets equivalent to 125% of the subloan amount; (v) the maximum tenor was 10 years with a grace period negotiable between PFIs and sub-borrowers but not more than 3 years; (vi) interest rates were negotiated between PFIs and sub-borrowers. In the end, 99.8% of all subloans were denominated in United States dollars, with an average annual interest rate of 6.5%. Only 0.2% of loans were Uzbekistani sum denominated, with average annual interest rate of 14.0%.

#### **C. Implementation and Internal Operations of Subprojects**

17. Altogether, the original project and additional financing supported 359 subprojects. About 300 subloan applications were rejected for lack of collateral and inability to furnish the remaining 25% of capital investment cost from own financial resources. For the original project, 100% of funds were disbursed to the PFIs within 6 months after loan effectiveness. For the additional financing, 89.5% of funds were disbursed to the PFIs within the first year after loan effectiveness, 5.3% in the second year, and 5.2% in the third year.

18. Due to the coronavirus disease (COVID-19) pandemic, the government temporarily closed the country's border and restricted cargo shipment (Appendix 7). In 2021, the executing agency hired a consulting firm to conduct a field survey assessing COVID-19's impact on sub-borrowers. A total of 111 subproject borrowers were interviewed, covering all project regions and with 7 to

10 respondents from each region. About 78% of respondents were reported to be negatively affected, while 28.7% had to suspend operations (5.3% for 1 month, 11.1% for 2 months, and 12.3% for a longer period). About 28.7% of respondents noted a significant drop in prices for agricultural produce. In 2022, although most COVID-19 measures were lifted, cargo congestion at Uzbek borders caused severe delays in import and export delivery. As a mitigation measure, subloan grace and repayment periods were extended by 6 months.<sup>15</sup>

19. **Environmental and Social Safeguards.** The project is classified as financial intermediation for environment safeguards and category C for involuntary resettlement and indigenous people safeguards. Any subloan application was denied if it (i) was for activities on the prohibited investment activities list; (ii) was for activities falling under category A per ADB policy on environmental safeguards, or classes 1 and 2 per national categorization for environmental impact; (iii) had significant risks as identified in the environmental exclusion checklist; and/or (iv) involved involuntary resettlement.

20. An environmental and social management system (ESMS) was prepared and disclosed in September 2016 for the original project and in February 2018 for the additional financing. It provided guidance to the PFIs for avoiding, minimizing, and monitoring potential adverse impacts of the subprojects. Except for AB, HB, and IYB, five PFIs had no prior experience with ESMS, which they eventually developed and adopted during project implementation. PFIs maintained the ESMS as part of their overall management systems and assigned credit officers as ESMS coordinators. PFIs monitored subprojects to ensure the sub-borrowers complied with ADB's safeguards requirements. The executing agency conducted semiannual monitoring and subproject site visits. A consulting firm was hired to review ESMS compliance and conducted capacity building trainings for PFIs. Compliance with environmental and social safeguards is documented in Appendix 8.

21. **Gender.** The project is categorized as effective gender mainstreaming, and a gender action plan (GAP) was created including 9 activities and 17 targets. The GAP envisaged employing at least 20% female workers in the subprojects financed by PFIs, conducting gender awareness seminars for main stakeholders and beneficiaries, and setting up five Associations of Women Farmers and Women's Groups (Women's Groups) to promote female-led agribusinesses.

22. Under L3471, 167 horticulture subprojects with a total of 3,558 workplaces were created. Of these, 1,286 (36%) jobs were for women. Under L3673, 192 subprojects with 4,480 workplaces were created, of which 1,785 (39.8%) were for women. In total under the project, therefore, 8,038 workplaces were created, 3,071 (38%) of which were for women. More than 15 Women's Groups were established in five project regions and beyond the project area, such as in the Khorezm and Kashkadarya regions. The project successfully organized Women's Groups to promote new farms and agribusiness enterprises. From these Ustoz-Shogird groups, five subprojects for women were able to establish their own farms or agribusinesses which produced the following: tomatoes, apples, peaches, apricots, grapes, and legumes (Appendix 9). Gender awareness seminars and webinars conducted in all project regions involved 2,603 participants, including 776 women (30%), and provided support to male and female farmers and owners of smallholder farms to connect

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<sup>15</sup> On 2 November 2022, a presidential decree further mandated that, for all subloans taken (i) from projects financed by international financial institutions, including ADB; and (ii) for greenhouse and cold storage construction, the tenor is increased from 10 years to 14 years and the grace period from 3 to 5 years. Presidential Decree No. 413 of 2 November 2022 "On Additional Measures to Increase the Efficiency of Greenhouse Farms."

with the state organizations and local and international agricultural experts. A comparison of actual achievements shows that 88% of targets (15 out of 17) have been achieved (Appendix 9).

23. **Consulting Recruitment and Procurement.** Of the 15 completed packages, 9 were for consulting services, 2 for works, and 4 for goods (Appendix 10). Procurement of goods and works was undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

24. **Project Management and Reporting.** The executing agency submitted quarterly progress reports; and other reports and updates in design monitoring framework targets, Gender Action Plan implementation, safeguards, procurement status, among others, Report submission and updates were timely with sufficient quality,

25. Because of COVID-19, the government extended the deadline for auditing business entities subject to mandatory audits for the fiscal years 2019, 2020, and 2021.<sup>16</sup> Similarly, ADB recommended a 6-month extension for submission of audited project financial statements (APFS) and audited entity financial statements (AEFS).

26. The PIU engaged a consultant to support conducting its own midterm review and final assessment of the project. The consultant helped the PIU to collect agricultural data periodically and to prepare reports. The government and ADB conducted several joint review missions during which they reviewed progress in physical implementation and financial performance.

27. The executing agency monitored the subproject sites semiannually. As a part of the annual report, ESMS reports were submitted and disclosed on time. Sub-borrowers were also responsible for their own regular monitoring and compliance. Isolated incidences of noncompliance with the ESMS included untimely disposal of waste from construction sites; unsatisfactory sanitarian conditions for dining facilities; workers not using personal protective equipment; and presence of solid and liquid waste, spills, and garbage. In these cases, PFIs sent letters to sub-borrowers, who rectified the problems before the indicated deadlines.

## D. Organization and Operations of Participating Financial Institutions

### 1. Organization, Management, and Staffing

28. All PFIs have charters and regulations. While the highest decision-making bodies are the general meetings of shareholders, the boards of directors oversee bank management and approve corporate strategies. Senior bank managements make decisions on daily operations. PFIs have loan committees. The PFIs vary in organization, staff, and capital (Table 1).

**Table 1: Organization, Management, and Staffing of Participating Financial Intermediaries**

Participating Financial Intermediaries	Branches and Offices <sup>a</sup>	Major Shareholder	Staff Number	Total Equity in 2022 (SUM billion)
<b>State-Owned Banks</b>				
AB	21 branches, 17 BSC	UFRD (88.2%) MEF (10.7%)	2,185	5,244
IB	150 branches and BSC	MEF (97.24%)	4,614	4,927

<sup>16</sup> Presidential Decree No. 5978 of 3 April 2020 "On Additional Measures to Support Population, Industry, and Entrepreneurship during the Coronavirus Pandemic."

NBU	93 branches, 16 BSCs	MEF (40.7%) UFRD (59.3%)	6,397	13,496
SQB	46 BSCs	UFRD (82.1%) MEF (13.1%)	3,838	6,945
TB	20 BSCs, 71 BSOs	UFRD (90.1%) MEF (8.7%)	1,448	1,643
<b>Privately Owned Banks</b>				
DB	7 branches, 34 BSCs	8 private individuals	600	379
HB	153 BSC	2 private individuals (60.8%) IFC (7.3%) FMO (14.6%)	4,300	2,078
IYB	17 branches, 30 BSC	Private individuals ADB (13.4%)	2,229	1,492

ADB = Asian Development Bank, BSC = banking service center, BSO = banking service office, FMO = Maatschappij Voor Ontwikkelingslanden, IFC = International Finance Cooperation, MEF = Ministry of Economy and Finance, UFRD = Uzbekistan Fund for Reconstruction and Development

<sup>a</sup> Of the three types of bank unit, the branch is the largest, with cash counter and collection services. A BSC employs 50 to 70 staff and provides both commercial and retail banking services. A BSO has 5 to 6 employees and specializes in retail banking. BSOs are subordinate to BSCs, which oversee 6 to 7 BSOs.

## 2. Personnel Administration

29. PFIs have regular staff performance reviews to determine promotion and remuneration. Most have regular (quarterly and monthly) training in credit assessment, information technology, personnel management, banking regulation, effective communication, business negotiations, and effective business processes.

## 3. Lending Operations

30. All PFIs had similar lending operations. The average loan processing time was 14 working days, depending on completeness of the submitted application and supplementary documents. Attention was given to analyzing monthly cash flow, quarterly and annual income statements for the past 3 years, and current assets as shown in the balance sheet. Loan tenors for most subloans were between 5 and 7 years.

31. The PFIs conducted comprehensive due diligence on subloan applications, covering commercial feasibility, as well as environmental and social safeguards. Site visits and meetings were periodically undertaken by the PIU and PFIs to monitor subproject performance and compliance with safeguard measures and financial covenants.

## E. Portfolio of Participating Financial Institutions

32. PFIs' loan portfolios grew steadily between 2017 and 2021 (Appendix 11). TB had the highest average growth in loans outstanding of 604%, followed by DB (322%), IB (200%), and IYB (187%).<sup>17</sup> As of 31 December 2021, NBU's total loans outstanding were largest among PFIs at SUM88,232,213 million. Most PFIs maintained good portfolio quality during project implementation, with nonperforming loans (NPLs) ranging from 0.6% to 4.7%. As of 1 March 2023, HB recorded the lowest NPL rate of 0.6% while AB recorded the highest rate, at 4.7%.

<sup>17</sup> PFIs became active after 2016 in attracting loans from international financial institutions as per the government's policy to attract foreign investments. Also, TB received \$80 million from the ADB-financed Horticulture Value Chain Development Project in 2017 and 2018. That helped grow its portfolio.



## F. Financial Statements and Ratios

33. The consolidated statements of financial position, income statements, and cash flow statements of eight PFIs were reviewed for the period of 2017–2021 (Appendix 11).

34. **Balance Sheets.** All PFIs had rapid growth between 2017 and 2022. These PFIs assets totaled SUM120,587 billion in 2017 and SUM268,667 billion in 2021, an increase of 122.8%. While in 2021 DB had the smallest assets total, at SUM2,644 billion, its assets had grown by 322.0% from SUM626 billion in 2017. NBU had the largest assets total, at SUM88,232 billion, in 2021, having grown by 82% from SUM48,510 billion in 2017. By 2022, NBU had the highest capital adequacy ratio (21.8%) among the PFIs, followed by TB (17.9%), SQB (15.8%), IYB (15.8%), IB (14.4%), AB (14.4%), HB (14.3%), and DB (13.2%).

35. **Income Statements.** Most of these PFIs maintained healthy income growth between 2017 and 2022, NBU and SQB being the exceptions. NBU's income decreased by 44.09% and SQB's by 4.71%. Average net margin on interest of PFIs increased by 377% and consisted of SUM2,248 billion in 2017 and SUM10,723 billion in 2021.<sup>18</sup> All PFIs had positive increase: IB (613%), TB (500%), SQB (418%), DB (408%), NBU (388%), AB (280%), IYB (274%), and HB (157%). Total comprehensive income of all PFIs increased by 11%, from SUM3,704 million in 2017 to SUM4,110 million in 2021.<sup>19</sup> In particular, HB's comprehensive income grew by 279%, IYB's by 274%, DB's by 223%, and IB's by 216%.

36. **Cash Flow Statements.** Between 2017 and 2021, DB's net cash flow decreased by 180%, HB's by 171%, NBU's by 86%, and AB's by 16%. However, IB's net cash flow increased by 147%, IYB's by 89%, and TB's by 77%. Taken together, the PFIs' combined net cash decreased by 39% from SUM11,631 billion in 2017 to SUM7,067 billion in 2021.

37. **Key Ratios.** The ratios of cost to income, return on average assets, and NPLs, together with the maximum limit on individual related party exposure show mixed trends. In 2017, cost to income was 92% for AB, 92% for TB, and 75% for HB, all exceeding the threshold of 75%. On the other hand, DB's at 61.1%, SQB's at 44.7%, and IYB's at 72.3% remained within the limit. Two PFIs, namely AB and SQB, had returns on average assets consistently less than the required 1% for different years. AB's ratios ranged from 0% to 0.5% and SQB's from 0.27% to 0.79%. All PFIs have NPL ratios ranging from 0.1% to 11.0% (para. 31 and Tables A11.25 to A11.33 of Appendix 11) for fiscal years 2017–2021. For most PFIs, the maximum limit on an individual related party exposure was within the limit of 25%. The exceptions were AB, whose exposure to related parties was in the range of 30%, and SQB, whose was in the range of 33.1% to 42.6%.

## G. Covenants

38. The executing agency's submission of APFS was always on time, with the exception that for fiscal 2020 submission was late by 2 weeks. Auditors' opinions for all APFSs were unqualified. A salient auditing issue relates to the non-verifiability of government counterpart financing. Only HB provided information on the government's contribution to the project in its APFS reports. For fiscal 2017, only one PFI submitted AEFS on time, while the rest were late by 5 to 7 months. The

<sup>18</sup> Average net margin on interest is the net difference between the interest income generated and the amount of interest paid out to lenders.

<sup>19</sup> Total comprehensive income is the total of a company's net income, as recorded on the income statement, and unrealized income (or "other comprehensive income") that is not included on an income statement but is recorded in the statement of comprehensive income.

situation improved in subsequent years, as most AEFS submissions were either on time or late by no more than 3 months. AB delayed submission of AEFS for fiscal 2020 by 5.4 months.

39. Except for the fiscal year 2017, PFI submission of AEFS and management letters were mostly on time. Auditor's opinion on the AEFS were mostly unqualified. A salient auditing issue relates to the non-verifiability of government counterpart financing. The management letters did not identify critical issues in internal controls and financial accounting.

40. The overall evaluation of financial covenants is *generally satisfactory* (Appendices 11 and 12). Noncompliance with financial covenants was mostly on two issues: (i) provisioning for bad debts, and (ii) compliance with ongoing government reforms for the banking sector.<sup>20</sup> Adverse effects of COVID-19 led to an increase in NPLs for all PFIs. Profit decreased for AB, SQB, and TB. For all PFIs except DB, the cost-to-income ratio (when including provisions on credit losses) exceeded the financial covenant threshold in 2020. Financial projections for 2021–2025 show that most PFIs might be in breach on cost to income and that AB, SQB, TB, NBU, and IB may be in breach of the covenant threshold for return on average assets in 2021 and beyond due to prolonged effect of COVID-19 while incurring additional expenses related to transformation of state-owned banks in the context of ongoing government reforms. The PFIs in breach of financial covenants prepared financial compliance action plans to set rectifying actions and timelines with action plan completion by 2025. ADB agreed with the proposed action plans and confirmed deferment of some of the noncompliant financial covenants.

#### IV. SUBLOAN IMPLEMENTATION

##### A. Loan Appraisal

41. **Distribution of Subloans.** Subloans were distributed to businesses in cold storage (23%), intensive orchard (7%), processing of horticultural products (13%), greenhouse (54%), and packaging and purchasing agricultural machinery (3%). In terms of geographical distribution, subloans were provided in all of the country's 13 regions: Andijan (3.1%), Bukhara (17.0%), Djizzak (4.2%), Fergana (7.8%), Kashkadarya (6.6%), Republic of Karakalpakstan (1.2%), Khorezm (5.8%), Namangan (4.4%), Navoi (4.1%), Samarkand (10.7%), Sirdarya (13.5%), Surkhandarya (6.6%) and Tashkent (15.0%) (Appendix 10). Women-owned businesses received 1.94% of the subloans.

42. **Covenants.** Overall compliance with the loan covenants was *generally satisfactory*. Apart from ADB requirements for loan covenants, PFIs had some specific requirements for the sub-borrowers: (i) the acquired capital assets must operate at no less than 55% of their design capacity from the first year; (ii) working capital must be maintained at a level adequate to sustain operations, and (iii) accounts receivable collection period must not exceed the time limits established by the country's legislation (90 days for domestic transactions and 180 days for export transactions). PFIs ensured that such specific requirements were fully met by the sub-borrowers.

43. **Quality of appraisal.** Quality of the PFIs' appraisal is *satisfactory*. PFIs were responsible for issuing subloans and determining interest rates and grace periods. The subloan application process was as follows: (i) sub-borrowers submitted loan applications with supporting documents to PFIs; (ii) applications were reviewed by loan officers in PFIs' corporate lending divisions, who conducted screening together with specialists from legal and risk management departments,

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<sup>20</sup> Presidential Decree No. 5992 dated 12 May 2020 "On the 2020–2025 Banking System Reform Strategy of the Republic of Uzbekistan."

analyzed project business plans, visited production sites, and finally prepared loan appraisal and credit reports for credit committee consideration (footnote 23); (iii) final approval was made by PFIs' credit committees. The entire process of review and approval took approximately 3 weeks. PFIs did their own appraisal to review sub-borrower's financial capacity. Nonperforming loans of PFIs during the project implementation is presented in Appendix 11 (Table A11.25-Table A11.33).

## **B. Implementation**

44. Project implementation was *satisfactory*. All PFIs selected subprojects and sub-borrowers while following ADB environmental and social safeguard policies. During project implementation, no safeguards issues were identified by the executing agency's midterm review or ADB's review mission (paras. 26 and 27). Production in some greenhouses and intensive gardens subprojects was reduced because of using poor-quality seedlings and seeds; unfavorable weather; and interruptions in water, gas, and electricity. Some processing subprojects operated at a fraction of the design capacity due to a lack of raw materials.

## **V. EVALUATION OF PROJECT PERFORMANCE**

### **A. Relevance**

45. The project is rated *relevant*. At appraisal, the project is aligned with the Government of Uzbekistan's national development strategy 2017–2021 (footnote 10), and ADB's Country Partnership Strategy for Uzbekistan 2012–2016 (footnote 12). At project completion, the project is still in accord with the Development Strategy of New Uzbekistan for 2022–2026 (footnote 11) and ADB's Country Partnership Strategy for Uzbekistan 2019–2023,<sup>21</sup> focusing on promoting private sector development by increasing access to finance for farmers and agricultural operators. It is in line ADB's Strategy 2030, which identifies private investment as a key driver of economic growth and source of employment generation.<sup>22</sup> The project supports efforts in improving market connectivity, agricultural value chain linkages, productivity, food security, and climate-smart agricultural practices. It addressed the identified key constraint of access to finance for farms and SMEs in rural areas of the country for the horticulture value chain to increase production, export, processing, and storage and to maintain food security. At the same time, several economic targets (increase in horticulture production and export) developed at the design stage of the project were over optimistic, for they assumed doubling or tripling outcome values in a relatively short time. The project design is assessed appropriate however due to the covid (para 46), the intended outcome was not fully achieved.

### **B. Effectiveness**

46. The project is rated *less than effective*. One of the two outcome targets, requiring increase in horticultural export by 2022, is partly achieved: (i) vegetables export reached 648,000 tons, as compared to a target of 1 million tons; (ii) melons export reached 136,000 tons, as compared to a target of 30,000 tons; (iii) fruits export reached 305,000 tons, as compared to a target of 400,000 tons; (iv) grape export reached 319,000 tons, as compared to a target of 600,000 tons. The second target, requiring the value of horticultural export to increase to \$2.1 billion was partly achieved since the actual export value was only \$1.2 billion in 2022 (Appendix 1). One of the main reasons was COVID-19. In 2020, lockdown policy substantially slowed all economic activities. Even after that, delay in custom clearance because of congestion and shortage of custom officers

<sup>21</sup> ADB. 2019. *Uzbekistan: Country Partnership Strategy 2019-2023*. Manila.

<sup>22</sup> ADB. 2018. *Strategy 2030. Achieving a Prosperous Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

at the border caused horticultural product exports to be lower. The demand for horticultural products decreased due to the weakened economy of trading partners during the pandemic time. At the same time, reduced volume of remittances from Russia and other countries considerably affected the purchasing power of the population, and this resulted in a decrease of local demand for horticultural products. Moreover, the 2022 Russian invasion of Ukraine has had a major negative impact on the country's agriculture sector, resulting in interruptions to trade and shipment of raw materials together with disconnection from export markets.

47. The output targets are partially achieved. The first target, requiring 370 subloans extended, was largely achieved. In actuality, 359 subloans were extended using funds from the original loan and the additional financing. Out of the 359 subloans, 220 were for horticultural production, including 195 for greenhouse complexes and 25 for intensive gardens, and thus exceeded the sub-target of 190 subloans for horticultural production. The second sub-target for storage and processing facilities was 180 subloans, but only 139 subloans were made. These consisted of 83 for storage facilities, 49 for processing and packaging facilities, and 7 for agricultural machinery purchases. Underachievement of this sub-target reflected lukewarm demand of the sub-borrowers, which can be attributed to (i) frequent power outages in subproject areas, (ii) lack of cold storage management experience, and (iii) deficiency of skilled staff for operating the assets.

48. The executing agency conducted environmental safeguards monitoring of subprojects and submitted the annual ESMS implementation reports for ADB's review and endorsement. The annual ESMS reports were of suitable quality, submitted on a timely basis, and posted on ADB's website. The second output target, requiring that the subprojects employ at least 20% females, is achieved. Altogether, the original project and additional financing created 8,038 new jobs, including 4,967 for men and 3,071 (38.2%) for women.

49. Under the GAP, all 9 gender activities were implemented and 15 out of 17 quantitative targets were achieved. Of the 8,038 newly created jobs, 38.2% were staffed by females. More than 15 Women's Groups were established in 5 project regions as well as non-project regions such as Khorezm and Kashkadarya. The government established a nongovernment organization, Association of Woman in Agribusiness, to empower females working in the agriculture sector, protect their rights, introduce modern agricultural technologies, and improve capacity. About 40% of the association's members were rural female leaders of community-based local organizations, known as makhalla, or were female heads of households. Gender awareness seminars and webinars conducted involved 2,603 participants, including 776 (29.8%) women. These seminars provided support to both male and female farmers and owners of smallholder farms by connecting them with state organizations, local and international agricultural experts (Appendix 9).

### **C. Efficiency**

50. The project is rated *efficient*. At project appraisal, economic analyses were conducted for several sample subprojects: (i) greenhouse tomato cultivation, (ii) hydroponic tomatoes, (iii) grape cultivation, (iv) cherry cultivation, (v) cabbage cultivation, (vi) fruit trees nursery, (vii) cold storage, and (viii) fruit processing. The economic benefits are derived from the net economic value addition generated while netting out the economic resource costs incurred during the construction and operation phases. Appraisal analyses indicate economic internal rates of return (EIRRs) in the

range of 12.1% (hydroponics tomatoes) to 29.8% (grapes) for these subprojects.<sup>23</sup>

51. The project completion analysis applies the same methodology as the appraisal analysis. Key economic parameters such as the shadow exchange rate factor, operator budgets, and conversion factors were updated. The prices of some outputs and inputs that are heavily traded have risen, as compared to the price level before the Russian invasion of Ukraine, while others remain relatively stable. The same subprojects were analyzed in the completion report analysis as in the appraisal analysis (Appendix 13). EIRRs for two subprojects show less than 9%, namely hydroponics tomatoes (6.4%) and grapes (8.4%)<sup>24</sup> although other six subprojects' EIRRs stay acceptable value despite factors during the appraisal (footnote 23).<sup>25</sup> No substantial delays in PFIs appraisal and implementation of sub-borrowers were recognized.

52. In addition, there was no significant delay in consultant recruitment nor procurement, nor cost overrun. Disbursement of loan proceeds was always on track, although contract award is rated "for attention."<sup>26</sup> Notwithstanding the low EIRRs for two subprojects, the project is still rated *efficient* based on (i) the overall economic assessment of all eight subprojects, and (ii) process efficiency.

#### D. Sustainability

53. The project is rated *likely sustainable*. The project has increased capacities of ISCAD's capacity to financing, implementing, monitoring, and supervising financial intermediary loans. A total of 435 staff of PFIs were trained in the framework of the project during 2017–2020. More than 1,670 farmers and entrepreneurs in the horticulture sector gained knowledge about production, growing, storage, processing, and transportation of fruits and vegetables through capacity building programs.

54. The PFIs showed profitable operations, with average ROAA during 2017–2021 ranging from 1.73% to 3.41% (Appendix 11, Tables A11.26 – A11.33). In addition, the PFIs kept good portfolio quality, with NPLs for the eight PFIs averaging from 0.45% to 5.04% (Appendix 11, Tables A11.26 – A11.33). The PFIs' profitable operations and good-quality portfolios suggest that they are likely to sustain their operations after project completion.

55. Horticulture is projected to continue to grow as per government policy, and PFIs should serve agribusinesses that create new jobs and provide income opportunities for rural communities.<sup>27</sup> Under the PFIs' plans, loan amounts repaid are deposited in revolving accounts for financing further subprojects. The total projected amount of the revolving fund is \$120 million.<sup>28</sup>

<sup>23</sup> The appraisal analysis included a subproject, cherry cultivation, forecasting a very high (50.0%) EIRR. The high rate is due to a combination of factors: (i) the economic value of cherry is magnified by a shadow exchange rate factor of 1.67, and (ii) an optimistic estimate of the average fruit-bearing age of 2 years.

<sup>24</sup> The low EIRRs for hydroponic tomatoes and grapes are attributable to a significant reduction in yield and output price, as compared to the appraisal estimate. This is mainly derived from COVID (paragraph 46).

<sup>25</sup> 23.2% (standard greenhouse tomato), 6.4% (hydroponic tomato), 8.4% (grape), 13.2% (cherry), 24.5% (cabbage), 15.5% (fruit tree nursery), 11.4% (cold storage), and 21.8% (fruit processing)

<sup>26</sup> Slow contract award for this project means slow liquidation. Slow liquidation was also mainly derived from COVID (paragraph 46).

<sup>27</sup> In 2022, 3,441,000 tons of potatoes (+4.7% compared to 2021), 11,163,000 tons of vegetables (+2.9%), 2,420,000 tons of potatoes (+5.9%), 2,984,000 tons of fruits and berries (+4.6%), and 1,761,000 tons of grapes (+3.9%) were produced.

<sup>28</sup> AB (\$29 million), DB (\$4.2 million), HB (\$3 million), IB (\$9 million), IYB (\$8 million), NBU (\$36 million), SQB (\$12 million), and TB (\$18 million).

56. The financial intermediaries effectively integrated the ESMSs into daily business operations, enhancing the positive environmental and social impact and sustainability of the subprojects. Social and environmental compliance has become an integral part of loan processing of most PFIs. This contributes to the attraction of investment of international financial institutions, and thus leads to business sustainability.

57. PFIs will continue to monitor further progress of the subprojects for up to 10 years after provision of the subloan and will continue to provide consulting and financial support. Each PFI has its own training structure to prepare its staff for new experiences in modern banking services. For instance, SQB has its own center for personnel training and development where it planned to train its 133 staff in 2023. Such elements support sustainability in the operations of PFI because loan appraisal is done by involving a wide range of personnel and the technical knowledge of the staff is brushed up regularly.

## **E. Development Impact**

58. The project's development impact is rated *satisfactory*. The project promoted private investment in the horticulture sector and ADB loans helped PFIs expand their loan portfolios in agricultural lending. About 8,038 permanent and seasonal jobs were created for the rural population, including 3,071 women. In addition, with cooperation of Women's Committee,<sup>29</sup> a total of 1,320 rural women received training on fruit and vegetable cultivation. In total, 53 training classes were conducted, including 22 theoretical and 31 practical trainings (Appendix 9), benefiting more than 1,670 farmers and entrepreneurs. From Ustoz-Shogird groups, 5 subprojects for women were able to establish their own farms and agribusinesses to produce tomatoes, apples, peaches, apricots, grapes, and legumes (Appendix 9).

59. An international consulting company was hired under the project to conduct studies aimed at enhancing the potential to increase exports of fruit and vegetable products. The final report was distributed to the executing agency, the Ministry of Agriculture, and a state-owned enterprise, Uzagroexport, which specializes in export of fresh and processed fruits and vegetables. This report improved marketing knowledge among specialists of the mentioned institutions.

60. ADB staff also provided multiple capacity building sessions for PIU and PFI staff on safeguards, gender, and procurement. The ESMS and relevant established procedures can continue to be used for screening of future loans and to incorporate environmental and social dimensions into PFIs' loan approval procedures.<sup>30</sup> Lastly, equipping intensive gardens with water-saving technologies on an area of 725 hectares had a positive effect on the environment, improved soil quality, and conserved water resources.

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<sup>29</sup> In 2017, the executing agency and Women's Committee of Uzbekistan signed an agreement to take joint actions giving women opportunity to engage in successful entrepreneurship in the horticulture sector, promote gender equality, and empower women, thus motivating them to start their own enterprises in the horticulture sector. Regional trainings for female entrepreneurs and female farmers were conducted together with the Woman' Group to further empower women to carry out successful entrepreneurship in the horticulture sector.

<sup>30</sup> The ESMS contains a list of environment and social safeguards requirements. For instance, upon request sub-borrowers should provide the following documents to the PFIs: contracts with water suppliers and waste management organizations, geographic coordinates of the subprojects, agreements with local residents near the subproject sites.

## F. Performance of the Borrower, Executing Agency, and Financial Institutions

61. The performance of the borrower, the executing agency, and PFIs is rated *satisfactory*. The Ministry of Economy and Finance,<sup>31</sup> acting as borrower, fulfilled its responsibilities and complied with the provisions of the loan agreements. ISCAD, as the final executing agency, actively coordinated project activities, monitored PFIs, reported to the ministry and ADB on time, and complied with loan agreement covenants. Notwithstanding the executing agency's restructuring, low staff turnover within the PIU contributed substantially to institutional stability.<sup>32</sup> The PIU quickly learned ADB procedures and regulations, promptly responded to implementation issues, and regularly coordinated with PFIs and monitored their compliance with project requirements. The project did not require major procurement and contract management.

62. In response to COVID-19 and at the government's request, the PFIs support sub-borrowers by extending the tenor and grace periods for up to 6 months (para. 22). From initial screening to subloan approval, the subloan application cycle took approximately 3 weeks. PFIs joined ADB's review missions and provided necessary guidance to the sub-borrowers.

## G. Performance of ADB

63. ADB's performance is rated *satisfactory*. ADB staff actively monitored the project and advised the executing agency and PFIs on project implementation through regular review missions and consultations. Altogether, 10 missions were conducted, including fact-finding, loan inception, loan review, midterm review, and project completion. ADB made timely disbursements, monitored progress, and provided timely intervention to resolve issues influencing successful project implementation.

## H. Overall Assessment

64. The project is rated *successful* based on an assessment of its relevance, effectiveness, efficiency, and sustainability. Despite some overly optimistic economic targets related to horticulture production and export, the project is assessed as *relevant* because the intended outcomes were aligned with the country's development priorities and consistent with ADB's country partnership strategies during the appraisal and completion phases. The project is assessed as *less than effective* because some of the intended project outcomes were only partially achieved. The project is rated as *efficient*. The project is *likely sustainable* given the government's commitment to developing the horticultural value chain and improving access to finance for agricultural enterprises.

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<sup>31</sup> At the time of loan signing, the Ministry of Finance represented the Government of the Republic of Uzbekistan. In December 2022, the Ministry of Finance was merged with the Ministry of Economic Development and Poverty Reduction to become the Ministry of Economy and Finance.

<sup>32</sup> Implementation disruption was also minimized given the project's financial intermediary loan modality, which delegates much of the disbursement and subproject identification responsibilities to the PFIs.

### Overall Ratings

Criteria	Rating
Relevance	Relevant
Effectiveness	Less than effective
Efficiency	Efficient
Sustainability	Likely sustainable
<b>Overall Assessment</b>	<b>Successful</b>
Impact	Satisfactory
Performance of PFIs	Satisfactory
Performance of borrower and ISCAD	Satisfactory
Performance of ADB	Satisfactory

ADB = Asian Development Bank, ISCAD = International Strategic Centre for Agri-Food Development, PFI = participating financial intermediary.

Source: Asian Development Bank.

## VI. ISSUES, LESSONS, AND RECOMMENDATIONS

### A. Issues and Lessons

65. The executing agency hired a consultant to support conducting its own midterm review and final assessment of the project. Although no significant issues were identified during implementation, it was a good practice that the executing agency conducted its own midterm review to assess progress and identify issues that might cause shortfalls. Also, the consultant periodically collected data for maintaining output achievements. It is useful in financial intermediary projects to engage a consultant to monitor the implementation status of subprojects.

66. ESMS was a new concept for the executing agency and for 5 out of 8 PFIs. Constant training and continuous practice were effective ways to master and proficiently use the ESMS.

### B. Recommendations

67. Further ESMS trainings can be beneficial to PIU and PFIs, especially in conducting subproject screening, impact assessment, development of mitigation measures, public consultation, information sharing, and monitoring and reporting.

68. Considering that new orchards begin to yield only after 3 years and to generate income after 4 to 5 years, the grace period for orchards subprojects could have been extended from 3 to 5 years. It would also be advisable for PFIs to explain or introduce crop insurance to sub-borrowers during the subloan approval process.

69. Aside from creating jobs for women in horticulture, the project conducted trainings for women. Aiming to give women opportunity to engage in successful entrepreneurship within the horticulture sector, promote gender equality, and empower women, as well as to motivate interested women to open businesses in the sector, the project involved the Women Group of Uzbekistan to conduct regional trainings for women farmers and women in agribusiness. This cooperation proved to be efficient even during the pandemic, when online trainings were provided. It included business consultations on fruit and vegetable cultivation. This good practice could be proposed and used in other ADB projects within the agriculture sector.

70. **Future Monitoring.** Together with PFIs, ISCAD should continue to (i) monitor the benefits of the project, including their impact; (ii) support creditors in financial service issues; and (iii) continue supporting new initiatives of the subprojects implemented under the project for further



expansion. PFIs need to improve the monitoring of subprojects; they should not concentrate solely on repayment but also on contributing to the growth and sustainability of long-term customers.

71. **Covenants.** Some financial covenants were not fully complied with because of unexpected impacts of COVID-19 and government-initiated banking reform. It may be practical in the future to revise the set targets if a major and unexpected situation like COVID-19 arises.

72. **Further Action or Follow-up.** APFSs for fiscal 2022 were submitted by the executing agency and all PFIs. AEFS for fiscal 2022 and financial covenants reports should be submitted by the PFIs by 31 December 2023. The information must be verified and reconciled with ADB's Loan Financial Information Services.

73. **Timing of the Project Performance Evaluation Report.** The performance evaluation review should be conducted in 2027, when most of the subloans will be repaid in full.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Indicators/Targets	Achievements
<b>Impact</b>		
<b>Outcome</b> Production and marketing of horticultural products increased	<b>By 2022:</b> a. Exports of horticultural produce increased:  (i) vegetables to 1,000,000 tons (2015 baseline: 286,600 tons);  (ii) melons to 30,000 tons (2015 baseline: 7,700 tons);  (iii) fruits to 400,000 tons (2015 baseline: 108,700 tons); and  (iv) grapes: to 600,000 tons (2015 baseline: 186,900 tons)  b. Value of horticultural produce exports increased to \$2.1 billion (2015 baseline: \$0.6 billion).	<b>By 2022:</b> a. <b>Partly achieved.</b> Actual exports volume was as follows:  (i) 648,483 tons of vegetables.  (ii) 136,600 tons of melons.  (iii) 305,479 tons of fruits; and  (iv) 318,900 tons of grapes. The slightly shortfall is due to shifting cultivation from grapes to other crops.  b. <b>Partly achieved.</b> Actual value of exports in 2022 amounted to \$1.15 billion
<b>Outputs</b> Finance to the horticulture sector increased	<b>By 2021:</b> 1a. 370 subloans extended to horticulture development:  (i) 190 for production and  (ii) 180 for storage improvement and processing.  1b. Subprojects financed by PFIs' subloans employ at least 20% female workers.	<b>By 2021:</b> 1a. Partially <b>achieved.</b> 359 subloans extended:  (i) 220 for production (195 modern greenhouse complexes, 25 intensive gardens);  (ii) 139 for storage improvement and processing (83 for storage, 45 for processing, 4 for taro-packaging of fruit and vegetable products, and 7 for the agricultural machinery purchase)  1b. <b>Achieved.</b> Under the original project, PFIs' subprojects created 3,558 jobs, including 1,286 for women, or 36,1%; and with the additional financing, PFIs' subprojects' created jobs total 4,480, including 1,785 women (39.8%).

Source: Asian Development Bank.

## PROJECT COSTS AND FINANCING

At appraisal, the total project costs were estimated at \$215.00 million. ADB was to finance 71.6% of project costs amounting to \$154 million through a loan. The project was to be cofinanced for \$40.0 million or 18.6% of project costs through Beneficiaries, on a parallel basis. The government was to finance the remaining 9.8% of the project costs, amounting to \$21.0 million including taxes and duties and \$2.0 million for Financial Charges During Implementation. Additional financing and increasing SDR rate considered increasing ADB Loan amount from \$154.0 to \$352.70 million (including \$198.00 million additional financing), Beneficiaries cofinancing amount increased up to \$100.00 million and Government contribution for the project up to \$89.00 million. Thus, revised project costs were equal to \$541.70 million.

### PROJECT COST AT APPROVAL AND ACTUAL (\$million)

Item	Estimate at Approval	Actual
Implementation cost		
Borrower financed (incl. IDC)	89.00	78.54
ADB financed	352.00	351.496
Subborrowers	100.00	246.721
Total implementation cost	541.00	676.758
Interest during construction costs		
Borrower financed (tentative)	10.00	26.131
ADB financed	0.00	0.00
Other external financing		
Total interest during construction cost	10.00	26.131

Source: Asian Development Bank.

**Table A2.1: Cost Breakdown by Project Component (\$million)**

Component	Appraisal Estimate	Actual
Credit Lines to Participating Financial Institutions	348.98	349.42
Project Management and Implementation	3.00	2.98
Total	351.98	352.40

Source: Asian Development Bank.

**PROJECT COST BY FINANCIER**  
**Table A2.2: Project Cost at Approval and Actual by Financier (Loan 3471 – UZB)**  
(\$million)

Item	Appraisal Estimate				Actual			
	ADB	The Government	Sub-borrowers	Total	ADB	The Government	Sub-borrowers	Total
I. Investment Costs								
A. Credit Lines to PFIs	151.00			151.00	151.42			151.42
B. Subborrower's Contribution			40.00	40.00			117.46	117.46
C. Government's Contribution		19.00		19.00		22.71		22.71
<b>Total Investment Costs</b>	<b>151.00</b>	<b>19.00</b>	<b>40.00</b>	<b>210.00</b>	<b>151.42</b>	<b>22.71</b>	<b>117.46</b>	<b>291.59</b>
II. Recurrent Costs				0.00				0.00
A. Incremental Staff	1.25			1.25	1.23			1.23
B. Office Operation and Transportation Expenses	0.65			0.65	0.29			0.29
C. Training and Technical Services	0.60			0.60	0.53			0.53
D. Allocations for Follow-on Project Preparation	0.50			0.50	0.05			0.05
<b>Total Recurrent Costs</b>	<b>3.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>	<b>2.10</b>	<b>0.00</b>	<b>0.00</b>	<b>2.10</b>
<b>Interest During Implementation</b>		<b>2.00</b>		<b>2.00</b>		<b>14.78</b>		<b>14.78</b>
<b>Total PROJECT COSTS</b>	<b>154.00</b>	<b>21.00</b>	<b>40.00</b>	<b>215.00</b>	<b>153.52</b>	<b>37.49</b>	<b>117.46</b>	<b>308.47</b>

**Table A2.3: Project Cost at Approval and Actual by Financier (Additional Financing Loan 3673 – UZB)**  
(\$million)

Item	Appraisal Estimate				Actual			
	ADB	The Government	Sub-borrowers	Total	ADB	The Government	Sub-borrowers	Total
I. Investment Costs								
A. Credit Lines to PFIs	198.00			198.00	197.98			197.98
B. Subborrower's Contribution			60.00	60.00			129.26	129.26
C. Government's Contribution		60.00		60.00		29.70		29.70
<b>Total Investment Costs</b>	<b>198.00</b>	<b>60.00</b>	<b>60.00</b>	<b>318.00</b>	<b>197.98</b>	<b>29.70</b>	<b>129.26</b>	<b>356.94</b>
II. Recurrent Costs				0.00				0.00
A. Incremental Staff	0.00			0.00	0.00			0.00
B. Office Operation and Transportation Expenses	0.00			0.00	0.00			0.00
C. Training and Technical Services	0.00			0.00	0.00			0.00
D. Allocations for Follow-on Project Preparation	0.00			0.00	0.00			0.00
<b>Total Recurrent Costs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Interest During Implementation</b>		<b>8.00</b>		<b>8.00</b>		<b>11.35</b>		<b>11.35</b>
<b>Total PROJECT COSTS</b>	<b>198.00</b>	<b>68.00</b>	<b>60.00</b>	<b>326.00</b>	<b>197.98</b>	<b>41.05</b>	<b>129.26</b>	<b>368.29</b>

**Table A2.4: Project Cost at Approval and Actual by Financier (Total of Loans 3471 and 3673)**  
(\$million)

Item	Appraisal Estimate				Actual			
	ADB	The Government	Sub-borrowers	Total	ADB	The Government	Sub-borrowers	Total
I. Investment Costs								
A. Credit Lines to PFIs	349.00			349.00	349.40			349.40
B. Subborrower's Contribution			100.00	100.00			246.72	246.72
C. Government's Contribution		79.00		79.00		52.41		52.41
<b>Total Investment Costs</b>	<b>349.00</b>	<b>79.00</b>	<b>100.00</b>	<b>528.00</b>	<b>349.40</b>	<b>52.41</b>	<b>246.72</b>	<b>648.53</b>
II. Recurrent Costs				0.00				0.00
A. Incremental Staff	1.25			1.25	1.23			1.23
B. Office Operation and Transportation Expenses	0.65			0.65	0.29			0.29
C. Training and Technical Services	0.60			0.60	0.53			0.53
D. Allocations for Follow-on Project Preparation	0.50			0.50	0.05			0.05
<b>Total Recurrent Costs</b>	<b>3.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>	<b>2.10</b>	<b>0.00</b>	<b>0.00</b>	<b>2.10</b>
<b>Interest During Implementation</b>		10.00		<b>10.00</b>		26.13		<b>26.13</b>
<b>Total PROJECT COSTS</b>	<b>352.00</b>	<b>89.00</b>	<b>100.00</b>	<b>541.00</b>	<b>351.50</b>	<b>78.54</b>	<b>246.72</b>	<b>676.76</b>

### DISBURSEMENT OF ADB LOAN PROCEEDS

At project completion, the actual project costs were at \$676.76 million. ADB Loan was completely disbursed for the component 'Credit Lines to Participating Financial Institutions' (\$349.40 million), and has savings in 'Project Management and Implementation' (used \$2.10 million out of \$3.00 million). Government contribution has been decreased to \$78.54 million due to lower VAT rate is applied (15% vs 20% at appraisal). Beneficiaries' share has increased up to \$246.72 million due to more involvement of farmers own sources for the subproject implementation.

**Table A3.1: Annual and Cumulative Disbursement of ADB Loan Proceeds<sup>a</sup> (L3471)  
(\$million)**

Year <sup>a</sup>	Annual		Cumulative	
	Amount (\$million)	% of Total	Amount (\$million)	% of Total
2017	46.23	30.02	46.23	30.02
2018	56.27	36.54	102.50	66.56
2019	48.82	31.70	151.32	98.26
2020	1.08	0.70	152.40	98.96
2021	0.81	0.53	153.21	99.49
2022	0.31	0.20	153.52	99.69
<b>Total</b>	<b>153.52</b>	<b>99.69%</b>		

<sup>a</sup> Includes disbursements to advance accounts.

Source: Asian Development Bank.

**Table A3.2: Annual and Cumulative Disbursement of ADB Loan Proceeds<sup>a</sup> (L3673)  
(\$million)**

Year <sup>a</sup>	Annual		Cumulative	
	Amount (\$million)	% of Total	Amount (\$million)	% of Total
2019	88.01	44.45	88.01	44.45
2020	50.73	25.62	138.74	70.07
2021	48.67	24.58	187.41	94.65
2022	10.57	5.34	197.98	99.99
<b>Total</b>	<b>197.98</b>	<b>99.99%</b>		

<sup>a</sup> Includes disbursements to advance accounts.

Source: Asian Development Bank.

**Table A3.3: Annual and Cumulative Disbursement of ADB Loan Proceeds<sup>a</sup>  
(Total of L3471 and L3673)  
(\$million)**

Year <sup>a</sup>	Annual		Cumulative	
	Amount (\$million)	% of Total	Amount (\$million)	% of Total
2017	46.23	13.14	46.23	13.13
2018	56.27	15.98	102.50	29.12
2019	136.83	38.87	239.33	67.99
2020	51.81	14.72	291.14	82.71
2021	49.48	14.06	340.62	96.77
2022	10.88	3.09	351.50	99.86
<b>Total</b>	<b>351.50</b>	<b>99.86%</b>		

<sup>a</sup> Includes disbursements to advance accounts.

Source: Asian Development Bank.

**CONTRACT AWARDS/COMMITMENTS OF ADB LOAN PROCEEDS**

**Table A4: Annual and Cumulative Contract Awards/Commitments of ADB Loan Proceeds  
(Total of L3471 and L3673)  
(\$million)**

Year	Annual		Cumulative	
	Amount (\$million)	% of Total	Amount (\$million)	% of Total
2017	0.35	16.13	0.35	16.13
2018	0.31	14.28	0.66	30.41
2019	0.24	11.06	0.90	41.47
2020	1.19	54.84	2.09	96.31
2021	0.02	0.92	2.11	97.23
<b>Total</b>	<b>2.11</b>	<b>97.23%</b>		

Source: Asian Development Bank.

## SCOPE OF OPERATIONS OF PFIS

PFI	Type of Loan	Interest Rate, Annual	Terms	Loan Amount	Conditions
AB	Mortgage/Housing	25%	Long term up to 20 years	SUM400 million, but not more than 75% of the cost of housing	25% an initial fee by borrower. The aggregate average monthly income of the Borrower and the co-borrower (after all taxes and obligations have been paid) must not exceed 15.0 million soums.
	Microcredit "SIMPLE"	Up to 1 year - 32%; Up to 2 years - 34%	up to 24 months	Up to SUM50 million	A microloan is issued for personal needs, to citizens of the Republic of Uzbekistan, subject to official employment, up to retirement age.
	Car loan		Up to 5 years	Not more than 70% of the cost of the vehicle.	Initial payment 30% by borrower. Employment and income from 6 months.
	Investment loans	25,99% in SUM; 12% in foreign currency	Up to 36 months	Not more than 70% of the project.	Grace period up to 12 months. Purchase of capital equipment for expansion and development of activity.
	Replenishment of working capital	23,99% in SUM; 10% in foreign currency	10 months	Not limited	The loan collateral must be at least 125% of the loan amount.
	Business overdraft	23,99% in SUM		Up to SUM2 billion	Replenishment of working capital for the development of entrepreneurial activity.
	Tadbirkor (entrepreneur) overdraft	23,99% in SUM		Up to SUM800 million	
	Young entrepreneur	14% in SUM; 3% in foreign currency	84 months	Up to \$100,000	Lending of projects implemented in youth industrial and business zones.
DB	Microloan	32%-42%	48 months	Up to SUM50 million	For various purposes. No initial fee.
	Auto loan	27.99%	48 months	The price of the purchased car	- a new car - down payment 20% - need collateral (125%)
	Term deposit «YORQIN»	24%	25 months	Minimum SUM100,000	
	Term deposit «SHARQONA»	22%	25 months	Minimum SUM500,000	
HB	Microloan	27.99%	12 months	Up to SUM50 million	For various purposes. No initial fee.
	Consumer loan to purchase solar panels	24%	84 months	Up to 200 minimal wages	Need collateral (125%).
	Deposit Ishonch 21	21%	18 months	Minimum SUM2,000.000	
	Deposit Sarmoya 6	6%	13 months	Minimum \$500	
	Mortgage loan	18%	20 years	Up to SUM400 million	At least 25% down payment.



IYB	Microloan	25.9%	Up to 60 months	Up to SUM50 million	No initial fee.
	Car loan	23.99%	Up to 60 months	Up to SUM600 million	Need collateral (125%).
	Education loan	26%	Up to 24 months	Up to SUM30 million	For tuition fees of students of Uzbekistan universities.
	Deposit "Qulay 12"	17%	12 months	Minimum SUM1 million	
	Deposit "Online-daromad-25"	16%	25 months	Minimum SUM1 million	
IB	Mortgage loan	17%	Up to 240 months	Up to SUM416 million	Only apartments in primary market. 15% down payment. Collateral – a purchased house.
	Microloan	25%	24 months	Up to SUM50 million	For personal use, 3 months at job at least.
	Auto loan	23%	48 months	Up to SUM300 million	Need collateral (125%).
	Deposit "Qulay"	22%	24 months	Minimum SUM100,000	
	Progress loan credit (for Purchase of fixed assets and replenishment of working capital)	11.99%	60 month, 18 months	Up to \$2 million.	The loan collateral must be at least 125% of the loan amount.  12-month grace period.
NBU	Consumer loan	27%	36 months	Up to SUM60 million	3-month grace period Property as collateral or third-party guarantee.
	Auto interest-free installments	No interest	10 months	Purchased car amount	50% down payment.
	Auto loan	22%	36 months	Purchased car amount	25 % down payment, 125% collateral.
	Mortgage loan	18%	20 years	Up to SUM416 million	25% down payment, 125% collateral.
	Overdraft	22%	12 months	Up to SUM50 million	2-month grace period Third-party guarantee
SQB	Any purpose micro loan	26.9%	12 months	Up to SUM30 million	
	Mortgage loans for new buildings	17%	Up to 20 years	Up to SUM416 million	Down payment – 15% Only newly built apartments Collateral – 125%
	Mortgage loans for any house	24%	Up to 10 years	Up to SUM1.2 billion	Down payment – 25% Collateral – 125%
	Auto loan	21%	Up to 48 months	Up to SUM500 million	Down payment – 25% Collateral – 125%
	Loan for replenishment of working capital	Individually	12 months	Up to SUM300 million	
	Deposit Ishonch	22%	13 months	Minimum SUM500	
TB	Car loan	25.9%	48 months	Up to SUM900 million	Down payment – 36% Only new cars, Collateral is needed.
	Consumer credit for travel	25%	12 months	Up to SUM21 million	A guarantee of 3 persons, an insurance policy or a pledge of liquid

					property is accepted as collateral for a loan.
	Education credit	15%	Study time +7.5 years	Based on an official agreement (contract) on tuition fees	full-time study close relatives are involved in obtaining a loan.
	Small business loan (for production)	24%	36 months	Based on the agreement	Collateral – 125% 6-month grace period Need to be TB customer for at least 6 months
	Microleasing (to businesses)	24%	36 months - 84 months	Up to SUM600 million	Collateral – 125% 6-month grace period Need to be TB customer for at least 6 months.

PFI = Participating Financial Institution, AB = Asaka Bank, DB = Davr Bank, HB = Hamkorbank, IB = Ipoteka Bank, IYB = Ipak Yuli Bank, NBU = National Bank of Uzbekistan, SQB = Uzbek Industrial and Construction Bank, TB = Turon Bank.

Source: PFIs web sites.

**STATISTICAL INFORMATION ON SUBLOANS**  
**Table A6.1: Distribution of subloans by regions and by subsectors**

\$ thousand

№	Regions	Total financed subprojects			Subprojects												Total new jobs created	Including	
					Processing		Greenhouse		Cold storage		Intensive gardens		Packaging		Agricultural machinery			men	women
		Quantity	Loan amount	Share in total loan	Quantity	Loan amount	Quantity	Loan amount	Quantity	Loan amount	Quantity	Loan amount	Quantity	Loan amount	Quantity	Loan amount			
#		359	349,399.8	100%	46	59,240	196	212,803	82	44,507	25	21,955	4	3,843	7	7,052	8,038	4,967	3,071
1	Karakalpakstan	9	4,233	1.2%	0	0	6	3,529	3	705	0	0	0	0	0	0	113	77	36
2	Andijan	14	10,743	3.1%	5	1,897	4	7,157	4	998	1	691	0	0	0	0	373	271	102
3	Bukhara	56	56,600	17.0%	1	1,100	49	56,993	4	1,137	1	37	0	0	0	0	1,272	696	576
4	Djizzak	15	14,553	4.2%	1	411	8	7,765	1	2,521	5	3,856	0	0	0	0	377	212	164
5	Kashkadya	28	23,166	6.6%	1	0	17	14,527	9	8,139	0	0	1	500	0	0	389	280	109
6	Navoi	11	14,289	4.1%	0	0	12	14,289	0	0	0	0	0	0	0	0	286	145	141
7	Namangan	12	14,443	4.4%	2	7,648	4	6,224	3	756	3	816	0	0	0	0	232	141	91
8	Samarkand	40	37,458	10.7%	11	10,797	11	11,126	14	7,418	4	8,116	0	0	0	0	857	505	352
9	Surkhadya	38	22,972	6.6%	6	13,189	13	2,667	15	6,324	1	297	0	0	3	495	624	391	233
10	Sirdarya	27	47,100	13.5%	3	1,817	23	43,709	1	1,411	1	345	0	0	0	0	1,127	776	351
11	Tashkent	47	52,279	15.0%	10	11,679	17	20,063	7	6,320	8	5,188	3	3,343	2	5,686	1,053	703	351
12	Fergana	30	27,347	7.8%	3	7,685	7	8,776	18	7,955	1	2,610	0	0	1	321	889	474	415
13	Khorezm	32	20,369	5.8%	3	3,017	25	15,977	3	824	0	0	0	0	1	551	446	296	150

	<i>Share by direction</i>	100%	17%	61%	13%	6%	1%	2%	100 %	61.8 %	38.2 %
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Table A6.2: Distribution of subloans by PFIs and by subsectors

\$ thousand

№	Banks	Total financed subprojects			Subprojects												Total new jobs created	Including	
					Processing		Greenhouse		Cold storage		Intensive gardens		Packaging		Agricultural machinery			men	women
		Quantity	Loan amount	Share in total loan	Quantity	Loan amount	Quantity	Loan amount	Quantity	Loan amount	Quantity	Loan amount	Quantity	Loan amount	Quantity	Loan amount			
<b>Total</b>		<b>359</b>	<b>349,399.8</b>	<b>100%</b>	<b>46</b>	<b>59,240</b>	<b>196</b>	<b>212,803</b>	<b>82</b>	<b>44,507</b>	<b>25</b>	<b>21,955</b>	<b>4</b>	<b>3,843</b>	<b>7</b>	<b>7,052</b>	<b>8,038</b>	<b>4,967</b>	<b>3,071</b>
1	Asakabank	70	86,666	24.8%	6	7,190	45	60,390	15	9,262	3	7,124	1	2,700	0	0	1,686	1,151	535
2	Turonbank	107	79,999	22.9%	13	14,799	79	48,840	9	10,154	5	656	0	0	2	5,551	2,200	1,672	528
3	NBU	54	60,593	17.3%	10	22,135	17	21,939	20	10,931	4	3,872	1	500	3	1,217	1,435	775	660
4	Uzpromstroybank	43	53,141	15.2%	7	8,245	22	36,976	11	4,815	2	2,955	0	0	1	150	1,387	617	770
5	Ipotekbank	40	36,000	10.3%	4	3,951	19	26,476	15	4,080	1	993	1	500	0	0	681	414	267
6	IpakYulibank	16	22,879	6.9%	2	890	7	15,396	4	4,119	3	3,596	0	0	0	0	317	146	171
7	Darv bank	9	4,000	1.1%	2	1,714	4	1,645	0	0	1	499	1	142	0	0	102	40	62
8	Hamkrobank	20	5,000	1.4%	2	316	3	1,142	8	1,146	6	2,261	0	0	1	135	230	152	78

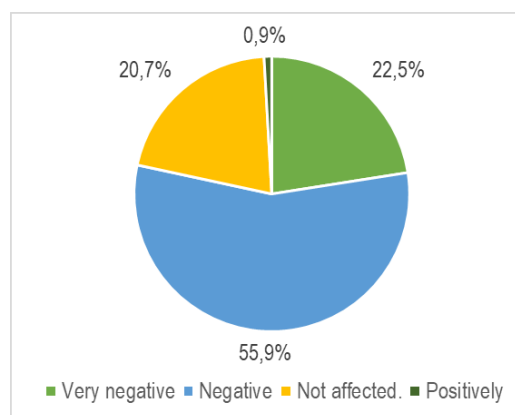
## THE IMPACT OF COVID-19 ON PROJECT BUSINESS ENTITIES

In 2021, a consulting firm hired by the Agency for the Implementation of Projects in Agro-industrial Complex and Food Supply (EA) to study the impact of coronavirus disease (COVID-19) on subprojects conducted an interview-based survey on 111 subprojects in all regions of the Republic and the Republic of Karakalpakstan. Survey respondents were selected between 7-10 from each region. Total number of responses included 7 women owned enterprises which is 6.3%. Respondents were selected from all stages of the project-financed value chain by PFIs.

### Field survey results

- (i) As part of field survey, the impact of COVID-19 on business entities operating within the framework of this project was assessed.
- (ii) Thus, an assessment of the impact of COVID-19 on labor supply in organizing activities showed that the impact of the pandemic was negative for 78% of respondents. About 21% of respondents did not notice the impact of the pandemic, and 1% of respondents even conversely saw a positive impact.
- (iii) Evaluation of measures taken to reduce the negative impact of COVID-19 on labor supply shows that 28.7% of respondents had to suspend their activities, of which 5.3% - for one month, 11.1% - for two months and 12.3% - for a longer period.
- (iv) 21.6% of respondents used alternative labor resources - they involved members of their families and relatives to perform various agricultural works. About 16.4% of respondents used a special permit to transport employees and farm workers while 8.8% were involved in activities that required less manual effort.

**Graph 1. Impact of COVID-19 on the labor force**



**Graph 2. The measures taken to reduce the negative impact COVID-19 labor force**



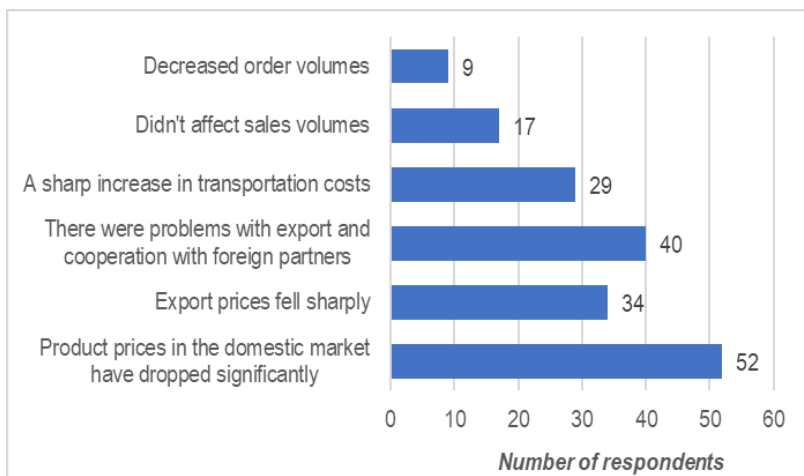
(v) 8.2% of respondents created conditions for living and working in an enterprise isolated from the outside world. Nevertheless, 7.2% of respondents had to lay off some of their employees during the pandemic, and 8.8% of respondents took no action at all.

(vi) The analysis of the impact of COVID-19 on product sales shows that 28.7% of respondents noted a significant drop in the price of agricultural products on the domestic market.

(vii) 22.1% of respondents noted problems with exports and cooperation with foreign partners in connection with the pandemic.

(viii) In addition, 18.8% of respondents noted a sharp drop in export prices for their agricultural products. 5.0% of respondents noted a decrease in the volume of orders for their products, and the remaining 9.4% noted that the pandemic had no effect on their sales.

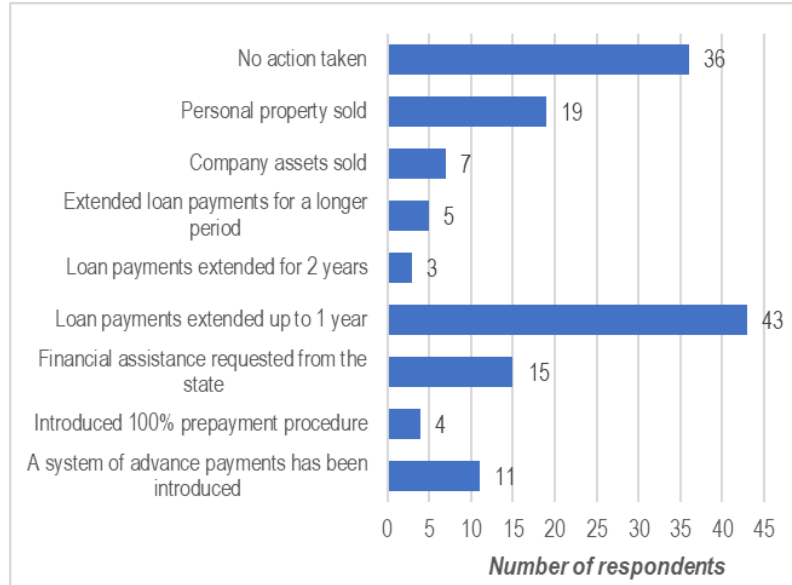
**Graph 3. Has COVID-19 affected product sales?**



(ix) Analysis of steps taken to address the negative financial consequences of COVID-19 shows that 25.2% of respondents took no action to address them.

- (x) 13.3% of respondents sold personal property to eliminate pandemic consequences, and 4.9% of respondents sold part of the company's assets.
- (xi) 7.7% of respondents introduced a system of advance payments from customers to mitigate the effects of the pandemic, and 2.8% of respondents introduced a complete prepayment procedure for the purchased goods.

**Graph 4. The measures taken to address the negative financial consequences COVID-19**



- (xii) 10.5% of respondents requested financial assistance from the state. The rest of the respondents extended loan repayment terms or a grace period. So, 30.1% of respondents extended deadlines up to 1 year (6/12 months), 2.1% of respondents up to 2 years (18/24 months), and 3.9% of respondents extended for a longer period.

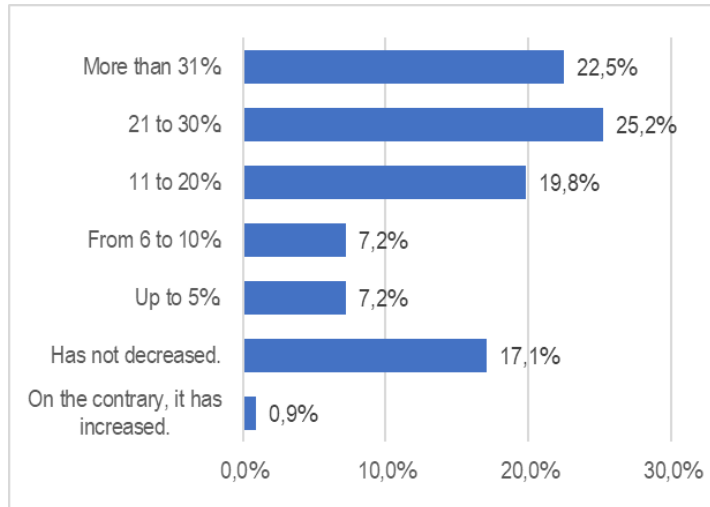
- (xiii) Well, in conclusion, the analysis of changes in total revenues of enterprises due to the negative financial consequences of COVID-19 shows that in general 82.0% of respondents noted a decrease in total revenues of enterprises.

**Graph 5. The average total revenue of the enterprise decreased due to the negative financial consequences of COVID-19**



(xiv) 22.5% of respondents reported a decrease in revenue of more than 31%. Nearly a quarter of respondents reported revenue declines of between 21% and 30%. 19.8% of respondents reported revenue shortfalls ranging from 11% to 20% and 14.4%, respectively, to 10%.

(xv) Only 17.1% of respondents did not report a decrease in their revenues, while 0.9% of respondents, on the contrary, reported an increase in their revenues.



## ENVIRONMENTAL SAFEGUARDS

(i) During project implementation, 359 subprojects have been financed since the start of the project. In environmental terms, 328 out of 359 funded projects (91.36%) were rated as category B and 31 projects (8.63%) were rated as category C. As the results of project verification showed, none of the projects were categorized as 'A'.

(ii) All subprojects underwent preliminary environmental screening by the PFIs strictly following the Environmental and Social Management System (ESMS) procedures and Project Administration Manual requirements. Subprojects categorized A for environment within the meaning of ADB's SPS (2009) or Class 1 or 2 under the government environmental impact assessment requirement (Appendix 3 of ESMS) or included the Environmental Exclusion List (Appendix 2b of ESMS) or requiring land acquisition and involuntary resettlement impacts or impacts on indigenous peoples were not eligible for financing under this project.

(iii) Only category C for IR safeguards subprojects were selected for financing under the project. The State Environmental Expertise (SEE) was carried out for each subproject on the basis of a draft EIS (Environmental Impact Statement) and obtained the approval of the Environmental Conclusions of the State Committee for Ecology and Environmental Protection. All PFIs had an assigned coordinator of environmental and social measures responsible for the preparation of annual reports on the environmental and social efficiency of ESMS. During the monitoring, the PFIs checked that each subborrower meets the requirements of the ESMS in accordance with the national regulations and requirements of ADB. The environmental specialist conducted periodic field trips to subprojects, ensuring that PFI's committed to their environmental oversight and monitoring responsibilities and overall environmental compliance. The PFIs' progress reports included the status of compliance with safeguards covenants.

(iv) The ISCAD Monitoring Unit monitored the project sites once every six months and submitted an annual report on the implementation of the ESMS to ADB. As required by the ESMS monitoring requirements, the ESMS Loan Officer/Coordinator monitored environmental issues and risks on a quarterly basis as part of the overall monitoring. The Regional Department of Ecology and Environmental Protection was responsible for monitoring compliance with environmental legislation at the enterprises of each subproject. Subborrowers were also responsible for their own regular monitoring and compliance. In case of non-compliance, letters of non-compliance were sent to subborrowers, indicating deadlines for correction and imposing financial penalties in case of non-compliance. Most of the minor site-specific issues identified were health and safety and domestic waste management. The EA together with PFIs ensured timely resolution of the issues and reported in the annual ESMS reports.

(v) In the framework of Loan 3471 a consultant was hired and the PFIs' capacity building in the implementation of the Environmental and Social Management System (ESMS) was provided. ISCAD and the consulting company "Eco-Spectri" LLC, hereinafter referred to as the Consultant, signed a contract on 6 December 2019, for consulting services on compliance review of Environmental and Social Management System (ESMS) implementation and the training on environmental and social screening and monitoring of subprojects.

(vi) A grievance mechanism (GRM) was developed and operated at the local and subproject levels. The GRM was well-placed to receive, evaluate, and facilitate the resolution of employee concerns, complaints, and grievances, as well as to provide answers about the status and/or resolution of their concerns. According to the annual reports submitted by PFIs there were no complaints filed and no incidents occurred during the implementation period (2017-2022). Prior

to the implementation of any type of activity in horticulture production, ESMS manager of each certain PFI's informed one by one all beneficiaries of the subprojects on environmental and technical safety requirements. During the reporting period, any other issues related to noise and vibration, water and air quality have not been identified. There were not any accidents or emergency except a minor disruption. Complaints from nearby residential populations were not received. Environmental inspections are carried out by specialists of the district department for ecology and environmental safeguard in accordance with committee's internal environmental monitoring program. All sub-borrowers agreed to keep logbook of complaints within the scope of the subproject. The logbook of complaints should include not only written, but also verbal complaints and proposals of the employees and stakeholders. There was no significant impact on the environment considering the size and activities of the subproject.

### **Capacity building activities**

- (vii) To increase the capacity, training sessions were organized in the framework of the project.
- (viii) On January 28, 2022 ADB organized Online Training on Environmental Safeguards for Executing/Implementing Agencies of ADB projects.
- (ix) On June 30, 2022 ADB organized safeguards training/clinic on ADB's SPS 2009 requirements.
- (x) On December 21, 2021, a round table was held between ADB, AIFSA and CSOs to discuss the possibility of effective partnership and establish a dialogue for future cooperation.
- (xi) On October 25, 2021 ISCAD and PFIs participated in an online training on Basic Labor Standards 19 (BLS) in ADB-funded projects for Executing Agencies (EAs), contractors, supervisory consultants and employees. The training helped to ensure ADB's understanding and approach to identifying BLS risks and to introduce best practices into project implementation. The two-hour training was held in the format of a virtual webinar on the Zoom video communication platform. In this regard, environmental specialist ISCAD Diana Rakhimova took ADB's online course and received a certificate: Basic e-Learning on Core Labor Standards on October 24, 2021.
- (xii) During the implementation period, the ISCAD Environmental Safeguards specialist repeatedly sent out video lessons and consultant reports for the PFI new employees implementing the ESMS, as well as individual consultations on subprojects monitoring and the ESMS implementation.
- (xiii) ISCAD, in the collaboration with the ADB, is continuously building the capacity of the PFIs on environmental issues. So, in March 2020 training seminars were held in the framework of the new project "Livestock Value Chain Development Project" on the topic "Implementation of the environmental and social management system in the bank's credit cycle". Seminars were attended by such banks as JSCB Turonbank, JSCB Uzpromstroybank, JSCMB Ipoteka bank and etc.
- (xiv) Within the framework of the "Horticulture Value Chain Development #3471" project, In December 2019 ISCAD recruited the consulting firm for compliance review of ESMS implementation and capacity building trainings. The contract period was originally for 4 months and included random review of 40 subprojects and trainings in 5 provinces (Andijan, Samarkand, Bukhara, Khorezm and Tashkent). The main goal of the project was to train environmental and

social professionals of PFIs in: (i) environmental and social screening, (ii) preparation and implementation of environmental and social monitoring; (iii) registration of non-compliances and preparation of corrective actions; and (iv) preparation of semiannual and annual reports.

(xv) The Consultant conducted 40 sub-project monitoring reviews and 3 two-day training sessions in the Bukhara, Andijan, and Samarkand regions, for PFI staff. The Consultant provided video training programs which were sent to all PFIs for further use.

(xvi) Before commencement of training in each country, the project implementation team held initial briefing meetings with the representatives of PFIs so as to have a common understanding of the objectives of the assignment as well as agreeing on the participants to be involved in the training, the grouping of participants, the detailed scheduling of training, and the expected outcomes.

(xvii) Based on the results of the training seminars' analysis, it was found that the PFIs demonstrated a high level of interest towards the existing problems of environmental safeguard and they also indicated the importance of the knowledge gained during the training seminars to improve the quality and quantity of agricultural production, as well as safety in the storage and use of Pesticides.

(xviii) PFIs periodically conduct training sessions for current and new employees involved in meeting the ESMS requirements. Social impacts and Capacity Development:

- Employment (new jobs within L3471 and L3673): 8,038 including 3,071 women;
- 265 PFIs staff trained on environmental safeguards in 2017-2018;
- 170 PFIs staff trained on environmental safeguards in 2019-2020.

(xix) 4 capacity building trainings were conducted for 1,670 farmers on following topics: Production and growing of fruits and vegetables; Storage and processing of fruits and vegetables; Delivery of fruits and vegetable products to the consumer and exporting; Gender development and mainstreaming in horticulture Subprojects financed by PFIs'.

## IMPLEMENTATION AND ACHIEVEMENTS OF GENDER ACTION PLAN

(i) In 2015, agriculture accounted for 32% of the total workforce (or about 10 million people), of which men accounted for 54% and women 46%. Agricultural production usually employs women and girls in labor-intensive nontechnical agricultural work, mainly in the early stages of value chains, including cultivation, harvesting, and post-harvesting activities. Rural women have limited opportunities for employment outside of agricultural work (for example, work in the public sector or off-farm income-generating activities) and mostly in informal employment. Women's labor in agriculture tends to be low-skilled manual labor, and seasonal/temporary work not covered by a written contract. When women work informally on *dehkan* (smallholder) farms, they do not receive protection under labor law in terms of sick pay, maternity or childcare leave.

(ii) In terms of a formal role as farm owners and managers, women represent only around four percent of the heads of private farming enterprises for the country, with some variation by region. While rural women and female farmers are an important part of the horticulture value chain, they lack confidence to start businesses and face difficulties finding formal jobs because of inadequate technical skills and access to information, and limited entrepreneurship and leadership skills. The project intended to help many horticulture farmers and entrepreneurs boost their investments, maintain, and expand employment, and provide stable incomes for themselves and their employees and suppliers.

(iii) The project is classified as effective gender mainstreaming and gender action plan aimed to support the project in reducing women's poverty and promoting women's empowerment. It includes nine gender actions, six associated with the project output and three related to project management and implementation. For the project output, these actions are: (i) ensure that horticulture-related subprojects financed by PFIs' subloans prioritize utilization of female workers; (ii) set up Association of Women Farmers and Dehkans in 5 regions (Bukhara, Fergana, Sirdarya, Surkhandarya, and Tashkent); (iii) set up Women's Groups (Ustoz-Shogird) to promote new farms and agribusiness enterprises; (iv) disseminate success stories of Women's Groups and Associations of Women Farmers and Dekhans; and (v) conduct gender awareness seminars/training for main stakeholders and beneficiaries (AIFSA, Council of Farmers, PFIs at the regional level, and representatives of agribusiness processing entrepreneurship) of the project in the 5 regions. For project management and implementation, these actions are: (i) recruit national social development and gender specialist in the project implementation office; (ii) ensure collection of sex-disaggregated baseline and end-line information; (iii) identify gender and development focal persons at each PFI for adequate implementation and monitoring gender indicators/targets; and (iv) conduct capacity development training and consultation with project management office, and project implementation units on the implementation of the gender action plan.

(iv) During the ADB review mission for the project in 2017, the importance of involving a dedicated Gender Specialist in AIFSA to achieve better GAP results was highlighted and reflected in inception mission MOU. Since July 2017, the project started implementing GAP in cooperation with the Women's Committee of Uzbekistan (WCU).

### **Achievements of the Gender Action Plan**

(v) Indicators and targets of gaps were widely discussed during the design phase and monitored during the implementation of the project. GAP indicators and targets were adequately reflected in the DMF. GAP included 9 main gender activities and 17 quantitative gender targets. A comparison of actual achievements with targets shows that 88% (15 out of 17) of them have been achieved, and a preliminary assessment of gender advantages can be assessed as successful.

(vi) All participating PFIs appointed gender focal persons, 8 in Tashkent city and 13 in regional offices to ensure the adequate implementation and monitoring of gender indicators/targets stated in the GAP. They supported the project gender specialist in collecting and consolidating gender-disaggregated data, reflected in EA quarterly reports.

(vii) A total of 1,286 (36.1%) out of 3,558 of workplaces were created for women under 166 horticulture subprojects under the loan 3471 and 1,785 (39%) out of 4,480 workplaces were created for women under the loan 3673. Women were involved as workers in greenhouses, intensive gardens and storage, processing of fruit and vegetable production. Number of workplaces created for women under two loans reached 3,071 or 38.2% of the total number of jobs created.

(viii) Aside from creation of jobs for women in horticulture, the project conducted trainings for women. In 2017, AIFSA<sup>1</sup> and Women's Committee of Uzbekistan (WCU) signed an agreement to take joint actions to give women the opportunity to engage in successful entrepreneurship in the horticulture sector, promote gender equality and empower women, and motivate interested women to open their business in the horticulture sector. Regional trainings for women farmers and women in agribusiness were conducted together with the Business Women Association (BWA) to carry out successful entrepreneurship in the horticulture sector.

(ix) At project completion in 2021, 1,320 women completed introductory training courses and received business consultations on the topics of fruit and vegetable cultivation. The total number of trainings conducted was 53 (22 theoretical and 31 practical classes). In 2020, considering COVID-19 pandemic conditions, online trainings were also provided, while the number of participants was limited to maximum 15 participants per class.

(x) Setting forth a 30% quota for women in agribusiness and women farmers provided opportunity for female entrepreneurs and farmers to increase the productivity, expand the business and create additional work for other women in neighborhood. Oydin Yusupova from Shakhrisabz, Kashkadarya, owner and head of the "Sogdiana farm" was able to purchase modern equipment and apply new technology of horticulture products storage. Another example is Karimova O., farmer and owner of the enterprise "Kosonsoy Serhosil Intensiv Bog'lari" has successfully started the production of horticulture products using an intensive garden technology

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<sup>1</sup> The Agency for the implementation of projects in the field of agro-industrial complex and food supply (AIFSA) was established based on the decision of the Cabinet of Ministers No. 940 of November 21, 2018 on the basis of the Rural Restructuring Agency (RRA) and the Center for the Implementation of Investment Projects in Agriculture and Water Management. AIFSA was considered a competent state body responsible for facilitating the development and organization of the implementation of large-scale projects in the field of agro-industrial complex and food supply, including investment projects.

growing apples plums and other fruits. Nargiza Khakimova owner of LLC "Sabo Hamkor" (Andijan Region), was able to increase productivity using a new technology and constructing greenhouses, having yield of 25 thousand tomato seedlings per hectare, and grown of 5 thousand banana seedlings. All farmers were emphasizing the support provided by the Banks in terms of consultations and staff support in documentation processing.

(xi) The project was not able to deliver on two targets related to the establishment of association of women farmers and dekhkans in the project, specifically, the targets on the organization of the association in the 5 regions included in the project. The associations of women farmers groups were done in three out of the five regions.

(xii) The EA was in charge of the recruitment of the consulting firm that will organize the association of women farmers in the regions. However, when AIFSA submitted the results of the assessment of the proposals from the applicant consulting firms, ADB noted that one of these was the Association of Women in Agribusiness, an NGO that was created under AIFSA in May 2019 and registered under the Ministry of Justice in July of the same year. ADB recommended that AIFSA reconsider the engagement of a consulting firm to avoid conflict of interest.

(xiii) The NGO "Association of Women in Agribusiness" established regional presence in five regions, two of which are project areas (Tashkent and Fergana) and three are outside the scope of the project areas (Andijan, Jizzakh, and Republic of Karakalpakstan). On 29 September 2021, the Jizzakh branch extended its activities to cover the Sirdarya region, which is part of the project area. The NGO implements programs that aim to, among others, increase the role of women in the women in the sector, develop their knowledge and skills on the use of agricultural technologies and horticulture production. The organization has a total of 130 members, 39% of whom are rural makhalla women leaders, or heads of households.

(xiv) The project GAP implementation contributed to OP2 pillars: 2.1.1. Women enrolled in TVET and other job training (776), and 2.1.3. Women owned or -led SME accounts opened (5) through Ustoz-Shogird groups establishment practice. The Ustoz-Shogird initiative helped to boost women's confidence to set up new farms and agribusinesses. The future farmers received knowledge on how to establish the firm, and practical skills on how to operate and manage the farm, acquire, and apply modern cultivation methods, to do marketing of the agriculture products and search for buyers, as well as administration issues, such as work planning and personnel management.

(xv) The results of GAP implementation and achievements are provided in the table below.

Table A9: Gender Action Plan achievement matrix

Activities	Performance indicators/targets	Achievements at project completion
<b>A. Output: Finance to horticulture sector increased</b>		
<p><b>Activity 1.</b> Ensure that horticulture-related subprojects financed by PFIs' subloans prioritize utilization of female workers.</p>	<p><b>Target 1:</b> At least 20% of subproject labor is female workers in the subproject vicinity. <b>DMF indicator:</b> 1b. Subprojects financed by PFIs' subloans employ at least 20% female workers.</p>	<p><b>Achieved.</b> Under the Loan 3471, subloans supported creation of 3,588 jobs, including 1,286 for women, or 36.1%. Loan 3673 supported creation of 4,480 new jobs, including 1,785 women, or 39.8%.</p>
<p><b>Activity 2:</b> Set up Association of Women Farmers and Dehkans in 5 regions (Bukhara, Fergana, Sirdarya, Surkhandarya, and Tashkent)</p>	<p><b>Target 2:</b> At least 5 Associations of Women Farmers and dehkans are established and registered.  <b>Target 3:</b> Associations of Women Farmers and dehkans are functional in 5 regions  <b>Target 4:</b> At least 20% of Associations' members are rural makhalla women leaders/female heads of households.</p>	<p><b>Targets 2 and 3 not achieved.</b> The Association of Women in Agribusiness, an NGO created under ISCAD in May 2019 and registered under the Ministry of Justice in July of the same year, implements programs that aim to, among others, increase the role of women in the sector, develop their knowledge and skills on the use of agricultural technologies and horticulture production. It established regional presence in five regions, two of which are project areas (Tashkent and Fergana) and three are outside the scope of the project areas (Andijan, Jizzakh, and Republic of Karakalpakstan). On 29 September 2021, the Jizzakh branch extended its activities to cover the Sirdarya region, which is part of the project area."  <b>Target 4 achieved.</b> The organization has a total of 130 members, 39% of whom are rural makhalla women leaders, or heads of households.</p>
<p><b>Activity 3:</b> Set up Women's Groups (Ustoz-Shogird) to promote new farms and agribusiness enterprises.</p>	<p><b>Target 5:</b> At least 1 group established in each of <b>(Target 6)</b> the 5 regions.</p>	<p><b>Achieved.</b> To promote creation of Ustoz-Shogird groups the International Conference on "Developing Business Relations, Increasing the Efficiency of Regional Cooperation" was conducted in Surkhandarya region in Termez city on 22<sup>nd</sup> of April, 2019. As a result, 3 Women's Groups (Ustoz-Shogird) in Tashkent, Bukhara and Surkhandarya regions were established. By mid-2021, the number of these groups increased to: 7 in Bukhara, 1 in Sirdarya, 2 in Surkhandarya, 3 in Tashkent and 3 in Fergana.</p>



		<p>From the Ustoz-Shogird groups, 5 subprojects for women were able to establish their own farms, agribusinesses. These include:</p> <ul style="list-style-type: none"> <li>(i) LLC “Sogdiyana Farm” from Kashkadarya region, owned by Oydinoy Yusupova, with the main operation of Cold Storage (capacity 600 tons, stored products: apples, grapes, carrots);</li> <li>(ii) LLC “Import Export” agribusiness from Andijan region, owned Gabova Rosa, with the main operation of processing of legumes (capacity 9,500 tons/year, mostly mug beans);</li> <li>(iii) Kosonsoy serhosil intensiv boglari farm from Namangan region, owned by O.Karimova, specialized in intensive gardening of peach, apple, apricot on 100 hectares land and processing of horticulture products including juice and canned fruits (capacity: 10,000 tons/year);</li> <li>(iv) LLC Jamshid Javokhir Agrotexservis from Bukhara region, owned by Amina Odilova, is modern Greenhouse for tomato production in 1 ha land (capacity of export 20 tons/year);</li> <li>(v) LLC Agro Mega City from Bukhara region, owned by M.Homidova, specialized in greenhouse of tomato production in 2 ha land (annual export capacity is 450 tons/year).</li> </ul>
<p><b>Activity 4:</b> Disseminate success stories of Women’s Groups and Associations of Women Farmers and Dehkans</p>	<p><b>Target 7:</b> At least 3 articles in the newspapers or radio about the Women Groups (<b>Target 8</b>) per year</p> <p><b>Target 9:</b> At least 5 qualitative women’s success stories of role model in Uzbek and Russian.</p>	<p><b>Achieved.</b> During 2018-2021 to highlight their achievements and activities in 12 regions and in the Republic of Karakalpakstan there were 28 success stories of women farmers published in newspapers and 16 articles in magazines, so in overall comprising 44 success stories and articles, including:</p> <ul style="list-style-type: none"> <li>• “Kashkadarya Haqiqati” newspaper #6 dated 04 August 2018. Article about Oidina Yusupova, farmer and business owner, successfully completed her new project under the credit line of the farm “Sogdiana farm” in Shakhrisabz, specialized in growing of grapes, apples, and carrots.</li> <li>• “Fargona Haqiqati” newspaper #97, dated 05 December 2018. A family enterprise from Oltiaryk district of</li> </ul>

		<p>Ferghana region, "Nodira Dier mevalari", received a loan of 150 thousand USA dollars from the project and created 14 jobs for women and successfully conducts its business by purchasing a new technology of storage equipment for fruits.</p> <ul style="list-style-type: none"> <li>• "Andijonnoma" newspaper #3 dated 12 December 2018. Article about Nargiza Khakimova, the owner of LLC "Sabo Khamkor" has cultivated 25 thousand tomato seedlings on 1 hectare greenhouse and 5 thousand saplings of bananas in two hectares of land thanks to new technologies and construction of new greenhouses.</li> <li>• "Namangan Agro" and "Agro ILM" journal #22, 6 December and 5 November 2019 #4 (60). Ms. Karimova O., farmer and owner of the enterprise "Kosonsoy serkhosil intensive boglari" has successfully started the production of horticulture products, she conducts her agribusiness in an intensive garden growing apples plums and other types of products.</li> <li>• "Bukhoronoma" newspaper #44, dated 5 December 2018. Amina Odilova, a farmer and owner of Jamshid Javohir Agrotexservice LLC from Bukhara region, received \$450,000 from the ADB credit line for 10 years of partial loan repayment and for \$150,000 she built a greenhouse in 1 hectare of land and successfully developed her business in agribusiness.</li> </ul>
<p><b>Activity 5:</b> Conduct gender awareness seminars/training for main stakeholders and beneficiaries (ISCAD, Council of Farmers, PFIs at the regional level, and representatives of agribusiness processing entrepreneurship) of the Project in the 5 regions.</p>	<p><b>Target 10:</b> At least 1 training is conducted for the main stakeholders in each of the (<b>Target 11</b>) five regions at least (<b>Target 12</b>) 30 participants per region are trained, of which (<b>Target 13</b>) at least 30% of participants are women.</p>	<p><b>All targets achieved.</b> Within the framework of the CS-03, CS-04 and CS-05 contracts, trainings were organized in all regions (including 5 selected project regions) of the Republic of Uzbekistan and Karakalpakstan Republic as forums and seminars. Webinars were organized for the entrepreneurs and farmers who couldn't attend forums in person. 6,176 entrepreneurs and farmers participated in these seminars, including 2,603 participants from 5 selected project regions, which exceeds target 12 of 150 participants. Of this number, 776 were women (30%).</p>

<b>B. Project Management and Implementation</b>		
<b>Activity 6:</b> Recruit national social development and gender specialist in the PMO.		<b>Completed.</b> ISCAD recruited as a National Social Development and Gender Specialist in the PMO starting from 03 April 2017.
<b>Activity 7:</b> Ensure collection of sex-disaggregated baseline and end-line information.	<b>Target 14:</b> Sex-disaggregated baseline/ <b>(Target 15)</b> end-line information available and M&E reports. Social/gender profile in the <b>(Target 16)</b> relevant reports.	<b>Completed.</b> Gender-disaggregated database, which includes the data on business owners, employees and training participants is established and operational at ISCAD.  In 2019, the Gender and social specialist collected baseline information from all PFI's and regional khokimiyats, on gender including the number of loans received and training participants. <sup>2</sup> Project reports contained information on social and gender profile of the borrowers. They were mostly entrepreneurs in agriculture sector with prior work experience in this sector as employees or hired workers. Majority of them were 30 to 55 years old. ISCAD is regularly collecting sex-disaggregated information from all PFIs and regional Khokimiyats on number of loans and training participants.  From December 9 to 22, 2021 the Gender and social specialist visited at least three districts and regional governor's offices in each of the 5 project regions (Bukhara, Tashkent, Fergana, Syrdarya and Surkhondarya) and collected endline information to analyze and monitor local female beneficiaries in the field of agriculture. There were visits to greenhouses and meetings held with women entrepreneurs in agribusiness and women farmers/dehkans working in various fields (artisans, workers, etc.); all the related documents and certificates of beneficiaries were double checked.
<b>Activity 8:</b> Identify gender and development focal persons at each PFI for adequate implementation and monitoring gender indicators/targets stated in the GAP.	<b>Target 17:</b> Availability of gender and development focal persons in PFIs during project implementation.	<b>Completed.</b> There are 7 PFIs and each PFI appointed gender and development focal persons (7) in Tashkent and in regions bank offices (13). Usually, the GFPs were credit officers or coordinators responsible for this particular IFI loan.

<sup>2</sup> Overall, out 359 subloans 7 subloans (1.95%) were received by women-owned businesses. Trainings were organized in all regions of the Republic of Uzbekistan and Karakalpakstan Republic as forums and webinars. Webinars were organized for the entrepreneurs and farmers who couldn't attend forums. Overall, 6,176 entrepreneurs and farmers participated in these seminars, in 5 selected project regions there were 2,603 participants, of them 776 were women (29,8%).

<p><b>Activity 9:</b> Capacity development training and consultation with PMO, and PIUs on the implementation of the GAP. Regular monitoring and reporting of GAP indicators.</p>		<p><b>Completed.</b> Semiannual reports on GAP implementation were submitted regularly to URM, ADB; gender related materials/documents are provided to project review missions.</p>
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GAP = Gender Action Plan, M&E = Monitoring and Evaluation, PIU = Project Implementation Unit, PMO = Project Management Office, Ministry of Justice (MoJ), makhalla = community-based local organization, Khokimiyat = self-governance body, Council of women farmers of Uzbekistan = CWF; \*RRA = Rural Restructuring Agency (former name); AIFSA = Agro Industries and Food Security Agency (former name) – ISCAD = International Strategic Centre for Agri-Food Development.

## LIST OF COMPLETED CONTRACTS

Package	General description	Estimated value	Awarded contract value	Procurement method	Advertisement date (quarter/year)	Date of ADB approval of contract award	Date of completion	Comments
<b>Goods and Works</b>								
GD-01	Office equipment for PMO	26,800.00	24,304.00	SHOPPING	Q2/2017	07-JUL-17	07-JUL-17	Awarded to JV LLC Elegant Trade Line & Hi Soft Computers
GD-02	Office furniture for PMO	11,200.00	8,589.00	SHOPPING	Q2/2017	07-JUL-17	07-JUL-17	Awarded to LLC Uyut Mebel Servis
GD-03	Vehicle for PMO	50,000.00	43,400.00	SHOPPING	Q3/2017	12-SEP-17	12-SEP-17	JSC General Motors Uzbekistan
GD-04	Accounting Software	3,000.00		RFQ for Goods				The PMO did not procure product
GD-05	Renovation of the project management office, using the shopping method	95,000.00	83,743.00	SHOPPING	Q2/2019	24-APR-2019	30-JUN-2019	IMC GLOBAL LLC Construction materials delivered and handed over to Constructor.
GD-06	Additional office equipment for PMO	11,700.00	8,377.00	SHOPPING	Q2/2019	14-JUNE-2019	10-JUL-2019	PE SARKOM NET Goods delivered
GD-07	Renovation of the project management office, using the shopping method	66,200.00	61,248.00	SHOPPING	Q3/2019	6-NOV-2019	13-SEP-2021	The contract awarded to NEW HOPE STROY LLC Construction works are completed. Contract completed.
<b>Consulting services</b>								
CS-01	Technical support to PFIs in Horticulture Subloan Appraisal, Monitoring and ESMS Training & Implementation	98,000.00	96,420.00	CQS	Q3/2019	19-NOV-2019	14-DEC-2020	Contract awarded to JV Eco-Spectri LLC & Eco-Spectri Uzbekistan LLC. Final report submitted. Contract completed.
CS-02	Financial audit for 2017-2019	75,000.00	26,730.00	LCS	Q4/2017	23-APR-18	15-JUNE-2020	Contract awarded to TSIAR FINANS LLC. Final report submitted.
CS-03	Training for main stakeholders and beneficiaries on the	70,000.00	63,033.00	CQS	Q1/2018	27-OCT-18	26-FEB-2019	Contract awarded to a consortium of "Intellect Management" LLC

	topic "Production & growing of fruits & vegetables" and associated gender development & mainstreaming							and Uzbekistan association of business incubators and technoparks. Final report submitted
CS-04	Training for main stakeholders and beneficiaries on the topic "Storage and processing of fruits of & vegetables" and associated gender development & mainstreaming	70,000.00	63,033.00	CQS	Q1/2018	27-OCT-18	26-FEB-2019	Contract awarded to a consortium of "Intellect Management" LLC and Uzbekistan association of business incubators and technoparks. Final report submitted
CS-05	Training for main stakeholders and beneficiaries on the topic "Delivery of fruits of & vegetable products to the consumer and exporting" and associated gender development & mainstreaming	70,000.00	57,365.00	CQS	Q1/2018	27-OCT-18	26-FEB-2019	Contract awarded to Center for support of farmers and entrepreneurship of Uzbekistan. Final report submitted
CS-06	Preparing national feasibility documents for government's approval of the additional financing loan	50,000.00	49,858.00	CQS	Q1/2018	09-APR-18	30-NOV-18	Contract was awarded to Islohatkonsalting service. Feasibility Study was prepared. Program resolution was approved by government
CS-07	Support to Uzagroexport in conducting marketing research	98,000.00	91 308.00	CQS	Q2/2019	03-APR-2019	03-DEC2019	Contract awarded to KPMG Tax and Advisory LLC. Completed and final report submitted
CS-08	Financial audit for 2020-2022	75,000.00	24,810.00	LCS	Q1/2021	28-MAY-2021		Contract was awarded to Baker Tilly Tashkent LLC in association with Baker Tilly Bishkek LLC. Completed.

CS-09	Allocations for preparation of future phases of the Project	424,000.00		QCBS				Cancelled. It was agreed that there was no need for this package.
CS-10	Conduct a socioeconomic survey on impact of the project implementation (Mid and Final-Term Assessment)	98,000.00	71,119.09	QCBS	Q2/2020	16-OCT-2020	10-JUN-2022	Contract awarded to Expert Info LLC. Amendment №2 to the contract HVCD/QCBS/CS-10. No objection letter of ADB URM-2022-38 was received. Completed.
CS-11	Establishment of Women Farmers Associations (WFA) and creation of Council of Women Farmers (CWF)			ICS	Q2/2021			Completed. PIU proposed to cancel this package, because similar activities have already been implemented in the framework of other projects.
CS-12	Overseas tour to study international experience in horticulture value chain.	98,000.00		LCS	Q4/2021			Cancelled according to the Letter of ADB dated 15 December 2021 URM-2021-577

**PARTICIPATING FINANCING INSTITUTIONS HISTORIC FINANCIAL NUMBERS**  
(AUDITED FINANCIAL STATEMENTS)

**Table A11.1: Consolidated statement of financial position  
Hamkorbank (HB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Total assets	5,433,751.0	6,785,099.5	8,823,076.2	10,287,089.4	12,494,489.8
<i>Including loans and advances to customers</i>	3,133,942.3	5,004,964.4	6,032,410.8	7,273,859.5	9,497,406.3
<i>Net loans to total assets</i>	57.7%	73.8%	68.4%	70.7%	76.0%
Total liabilities	4,893,325.7	5,984,421.3	7,626,586.7	8,708,607.2	10,416,745.4
Total equity	540,425.3	800,678.2	1,196,489.5	1,578,482.2	2,077,744.3
<b>Total liability and equity</b>	<b>5,433,751.0</b>	<b>6,785,099.5</b>	<b>8,823,076.2</b>	<b>10,287,089.4</b>	<b>12,494,489.8</b>

**Table A11.2: Consolidated statement of financial position  
Ipak Yuli Bank (IYB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Total assets	3,244,730.8	3,954,898.4	5,328,199.0	6,900,719.0	9,309,363.0
<i>Including loans and advances to customers</i>	1,931,071.6	2,512,584.8	3,670,647.0	4,780,397.0	6,311,634.0
<i>Net loans to total assets</i>	59.5%	63.5%	68.9%	69.3%	67.8%
Total liabilities	2,907,640.5	3,452,862.5	4,598,950.0	5,779,938.0	7,817,690.0
Total equity	337,090.3	502,035.9	729,249.0	1,120,781.0	1,491,673.0
<b>Total liability and equity</b>	<b>3,244,730.8</b>	<b>3,954,898.4</b>	<b>5,328,199.0</b>	<b>6,900,719.0</b>	<b>9,309,363.0</b>

**Table A11.3: Consolidated statement of financial position  
Davir Bank (DB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Total assets	626,173.9	858,376.4	1,366,028.8	1,769,817.7	2,644,392.8
<i>Including loans and advances to customers</i>	317,309.5	615,030.3	955,300.5	1,301,330.4	2,167,011.7
<i>Net loans to total assets</i>	50.7%	71.7%	69.9%	73.5%	81.9%
Total liabilities	535,525.0	733,947.0	1,173,847.5	1,486,372.3	2,265,416.6
Total equity	90,648.9	124,429.4	192,181.3	283,445.4	378,976.2
<b>Total liability and equity</b>	<b>626,173.9</b>	<b>858,376.4</b>	<b>1,366,028.8</b>	<b>1,769,817.7</b>	<b>2,644,392.8</b>



**Table A11.4: Consolidated statement of financial position  
National Bank of Uzbekistan (NBU)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Total assets	48,510,372.0	56,199,499.0	65,489,341.0	78,133,560.0	88,232,213.0
<i>Including loans and advances to customers</i>	<i>34,521,563.0</i>	<i>46,025,482.0</i>	<i>54,174,008.0</i>	<i>63,475,675.0</i>	<i>72,089,675.0</i>
<i>Net loans to total assets</i>	<i>71.2%</i>	<i>81.9%</i>	<i>82.7%</i>	<i>81.2%</i>	<i>81.7%</i>
Total liabilities	44,238,609.0	51,283,244.0	53,342,114.0	65,703,400.0	74,736,457.0
Total equity	4,271,763.0	4,916,255.0	12,147,227.0	12,430,160.0	13,495,756.0
<b>Total liability and equity</b>	<b>48,510,372.0</b>	<b>56,199,499.0</b>	<b>65,489,341.0</b>	<b>78,133,560.0</b>	<b>88,232,213.0</b>

**Table A11.5: Consolidated statement of financial position  
Asaka bank (AB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Total assets	23,562,756.0	29,627,433.0	33,457,472.0	45,314,354.0	49,394,591.0
<i>Including loans and advances to customers</i>	<i>17,776,310.0</i>	<i>26,073,354.0</i>	<i>25,605,975.0</i>	<i>35,806,386.0</i>	<i>37,695,638.0</i>
<i>Net loans to total assets</i>	<i>75.4%</i>	<i>88.0%</i>	<i>76.5%</i>	<i>79.0%</i>	<i>76.3%</i>
Total liabilities	21,162,041.0	27,096,713.0	28,573,288.0	40,224,526.0	44,150,285.0
Total equity	2,400,715.0	2,530,720.0	4,884,184.0	5,089,828.0	5,244,306.0
<b>Total liability and equity</b>	<b>23,562,756.0</b>	<b>29,627,433.0</b>	<b>33,457,472.0</b>	<b>45,314,354.0</b>	<b>49,394,591.0</b>

**Table A11.6: Consolidated statement of financial position  
Uzbek Industrial and Construction Bank (SQB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Total assets	24,306,560.0	31,026,078.0	35,846,118.0	48,323,845.0	55,731,916.0
<i>Including loans and advances to customers</i>	<i>20,360,591.5</i>	<i>28,020,629.0</i>	<i>30,039,785.0</i>	<i>38,959,958.0</i>	<i>42,537,051.0</i>
<i>Net loans to total assets</i>	<i>83.8%</i>	<i>90.3%</i>	<i>83.8%</i>	<i>80.6%</i>	<i>76.3%</i>
Total liabilities	21,843,179.0	27,822,609.0	29,525,550.0	42,242,981.0	48,787,115.0
Total equity	2,463,381.0	3,203,469.0	6,320,568.0	6,080,864.0	6,944,801.0
<b>Total liability and equity</b>	<b>24,306,560.0</b>	<b>31,026,078.0</b>	<b>35,846,118.0</b>	<b>48,323,845.0</b>	<b>55,731,916.0</b>

**Table A11.7: Consolidated statement of financial position  
Ipoteka Bank (IB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Total assets	13,383,650.0	19,831,350.0	23,844,978.0	32,604,079.0	40,164,316.0
<i>Including loans and advances to customers</i>	<i>10,563,180.0</i>	<i>17,598,212.0</i>	<i>19,839,756.0</i>	<i>24,345,221.0</i>	<i>29,263,226.0</i>
<i>Net loans to total assets</i>	<i>78.9%</i>	<i>88.7%</i>	<i>83.2%</i>	<i>74.7%</i>	<i>72.9%</i>
Total liabilities	12,019,624.0	18,219,225.0	20,296,823.0	28,563,773.0	35,237,272.0
Total equity	1,364,026.0	1,612,125.0	3,548,155.0	4,040,306.0	4,927,044.0
<b>Total liability and equity</b>	<b>13,383,650.0</b>	<b>19,831,350.0</b>	<b>23,844,978.0</b>	<b>32,604,079.0</b>	<b>40,164,316.0</b>

**Table A11.8: Consolidated statement of financial position  
Turun Bank (TB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Total assets	1,519,158.0	3,049,678.0	5,864,635.0	8,439,355.0	10,695,575.0
<i>Including loans and advances to customers</i>	921,116.7	2,271,891.4	4,314,352.0	6,819,483.0	8,107,596.0
<i>Net loans to total assets</i>	60.6%	74.5%	73.6%	80.8%	75.8%
Total liabilities	1,196,209.9	2,226,692.0	4,842,381.0	7,400,941.0	9,052,405.0
Total equity	322,948.1	822,986.0	1,022,254.0	1,038,414.0	1,643,170.0
<b>Total liability and equity</b>	<b>1,519,158.0</b>	<b>3,049,678.0</b>	<b>5,864,635.0</b>	<b>8,439,355.0</b>	<b>10,695,575.0</b>

**Table A11.9: Consolidated statement of profit or loss and other comprehensive income  
Hamkorbank (HB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Net margin on interest and similar income	358,220.6	445,491.7	625,469.9	780,367.7	920,827.6
Credit loss allowance	(13,907.1)	(10,815.9)	(13,139.6)	(99,638.8)	(50,554.7)
Net margin on interest and similar income after credit loss allowance	344,313.5	434,675.8	612,330.3	680,728.9	870,272.9
Net non-interest expense	(181,014.8)	(139,064.5)	(209,709.6)	(193,343.5)	(246,943.5)
Profit before tax	163,298.7	295,611.3	402,620.7	487,385.3	623,329.4
Income tax expense	(31,151.0)	(63,287.4)	(76,624.6)	(104,382.4)	(123,057.2)
<b>PROFIT FOR THE YEAR</b>	<b>132,147.7</b>	<b>232,323.9</b>	<b>325,996.0</b>	<b>383,002.9</b>	<b>500,272.2</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>132,147.7</b>	<b>232,323.9</b>	<b>325,996.0</b>	<b>383,002.9</b>	<b>500,272.2</b>

**Table A11.10: Consolidated statement of profit or loss and other comprehensive income  
Ipek Yuli Bank (IYB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Net margin on interest and similar income	177,013.4	257,665.0	355,642.0	545,004.0	662,287.0
Credit loss allowance	(2,186.3)	(4,100.0)	(46,480.0)	(168,839.0)	(21,349.0)
Net margin on interest and similar income after credit loss allowance	174,827.1	253,565.0	309,162.0	376,165.0	640,938.0
Net non-interest expense	40,345.3	74,387.0	38,261.0	140,607.0	147,398.0
Profit before tax	134,481.8	179,178.0	270,901.0	235,558.0	493,540.0
Income tax expense	(28,784.7)	(37,684.0)	(43,202.0)	(46,851.0)	(98,625.0)

PROFIT FOR THE YEAR	105,697.1	141,494.0	227,699.0	188,707.0	394,915.0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	105,697.1	141,494.0	227,699.0	188,707.0	394,915.0

**Table A11.11: Consolidated statement of profit or loss and other comprehensive income Davr Bank (DB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Net margin on interest and similar income	38,895.8	72,327.0	121,762.4	152,481.8	197,660.4
Credit loss allowance	(895.0)	(618.9)	(6,078.3)	(9,651.6)	(8,000.2)
Net margin on interest and similar income after credit loss allowance	38,000.8	71,708.1	115,684.1	142,830.2	189,660.2
Net non-interest expense	(3,088.0)	15,867.4	25,367.0	24,833.7	47,283.9
Profit before tax	41,088.8	55,840.7	90,317.1	117,996.5	142,376.3
Income tax expense	(5,499.8)	(13,213.6)	(19,059.4)	(24,863.1)	(27,596.6)
PROFIT FOR THE YEAR	35,589.0	39,627.1	71,257.7	93,133.4	114,779.7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	35,589.0	39,627.1	71,257.7	93,133.4	114,779.7

**Table A11.12: Consolidated statement of profit or loss and other comprehensive income National Bank of Uzbekistan (NBU)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Net margin on interest and similar income	677,267.0	1,261,598.0	1,832,852.0	3,028,338.0	3,304,253.0
Credit loss allowance	(1,341,349.0)	426,997.0	(460,210.0)	(1,267,568.0)	(1,241,528.0)
Net margin on interest and similar income after credit loss allowance	(664,082.0)	1,688,595.0	1,372,642.0	1,688,752.0	1,951,795.0
Net non-interest expense	(2,752,813.0)	840,173.0	375,008.0	545,954.0	496,361.0
Profit before tax	2,088,731.0	848,422.0	997,634.0	1,142,798.0	1,455,434.0
Income tax expense	61,876.0	(59,473.0)	(207,545.0)	(237,039.0)	(251,373.0)
PROFIT FOR THE YEAR	2,150,607.0	788,949.0	790,098.0	905,719.0	1,194,061.0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,150,607.0	788,949.0	790,098.0	905,719.0	1,194,061.0

**Table A11.13: Consolidated statement of profit or loss and other comprehensive income  
Asaka Bank of Uzbekistan (AB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Net margin on interest and similar income	276,187.0	512,553.0	774,926.0	1,299,968.0	1,048,426.0
Credit loss allowance	(749,923.0)	(124,325.0)	(505,220.0)	(741,531.0)	(599,975.0)
Net margin on interest and similar income after credit loss allowance	(473,736)	388,228.0	269,706.0	558,437.0	448,451.0
Net non-interest expense	(550,453.0)	234,795.0	143,298.0	330,279.0	311,318.0
Profit before tax	76,717.0	153,433.0	126,408.0	228,158.0	137,133.0
Income tax expense	9,047.0	(51,877.0)	(5,932.0)	(16,508.0)	2,752.0
PROFIT FOR THE YEAR	85,764.0	101,566.0	120,476.0	211,650.0	139,885.0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	85,764.0	101,566.0	120,476.0	260,332.0	139,885.0

**Table A11.14: Consolidated statement of profit or loss and other comprehensive income  
Uzbek Industrial and Construction Bank (SQB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Net margin on interest and similar income	364,690.0	671,602.0	1,157,321.0	1,622,077.0	2,119,517.0
Credit loss allowance	46,736.0	(106,359.0)	(108,449.0)	(1,200,998.0)	(420,937.0)
Net margin on interest and similar income after credit loss allowance	411,426.0	565,243.0	1,048,872.0	421,079.0	1,698,580.0
Net non-interest expense	(586,527.0)	298,357.00	337,336.00	286,597.00	627,010.00
Profit before tax	997,953.0	266,886.0	711,536.0	134,482.0	1,071,570.0
Income tax expense	(99,446.0)	(48,695.0)	(107,056.0)	(22,358)	(214,582.0)
PROFIT FOR THE YEAR	898,507.0	218,191.0	604,480.0	112,124.0	856,988.0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	898,507.0	218,191.0	604,480.0	112,124.0	856,988.0

**Table A11.15: Consolidated statement of profit or loss and other comprehensive income  
Ipoteka Bank (IB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Net margin on interest and similar income	297,581.0	647,017.0	1,035,225.0	1,410,069.0	2,121,736.0
Credit loss allowance	(45,236.0)	(95,581.0)	(274,856.0)	(609,720.0)	(591,328.0)

Net margin on interest and similar income after credit loss allowance	252,345.0	551,436.0	760,369.0	1,530,408.0	800,349.0
Net non-interest expense	(54,176.0)	325,402.0	349,669.0	1,019,508.0	(290,031.0)
Profit before tax	306,521.0	226,034	410,700	510,900.0	1,090,380.0
Income tax expense	(25,570.0)	(48,329.0)	(71,682.0)	(105,251.0)	(203,599.0)
<b>PROFIT FOR THE YEAR</b>	<b>280,951</b>	<b>177,705.0</b>	<b>339,018.0</b>	<b>405,649.0</b>	<b>886,781.0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>280,951</b>	<b>177,705.0</b>	<b>339,018.0</b>	<b>405,649.0</b>	<b>886,781.0</b>

**Table A11.16: Consolidated statement of profit or loss and other comprehensive income Turon Bank (TB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Net margin on interest and similar income	57,934.4	152,359.0	220,326.0	274,902.0	347,800.0
Credit loss allowance	(4,143.5)	(38,433.0)	(17,063.0)	(137,398.0)	(146,699.0)
Net margin on interest and similar income after credit loss allowance	53,790.9	113,926.0	203,263.0	137,504.0	201,101.0
Net non-interest expense	36,178.60	75,960.0	98,151.0	127,502.0	175,895.0
Profit before tax	17,612.3	37,966.0	105,112.0	10,002.0	25,206.0
Income tax expense	(2,888.1)	(5,559.0)	(21,526.0)	13.0	(3,197.0)
<b>PROFIT FOR THE YEAR</b>	<b>14,724.2</b>	<b>32,407.0</b>	<b>83,586.0</b>	<b>10,015.0</b>	<b>22,009.0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>14,724.2</b>	<b>32,407.0</b>	<b>83,586.0</b>	<b>10,015.0</b>	<b>22,009.0</b>

**Table A11.17: Consolidated statement of cash flows Hamkor Bank (HB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash flows from operating activities before changes in operating assets and liabilities	239,647.6	244,931.2	416,001.8	541,054.1	606,800.7
Net cash used in operating activities	452,519.6	(1,317,760.8)	(519,020.4)	(621,351.9)	(1,204,240.3)
Net cash used in investing activities	(51,540.1)	(52,799.0)	(84,874.2)	(66,255.1)	(85,477.0)
Net cash from financing activities	(12,966.7)	912,956.6	1,443,476.4	707,169.8	714,336.2
Effect of exchange rate changes on cash and cash equivalents	458,145.6	13,603.1	73,497.0	18,090.1	(23,971.7)

Effect of expected credit losses on cash and cash equivalents	-	(16.4)	(487.6)	1,146.8	(1,175.4)
Net (decrease) in cash and cash equivalents	846,158.4	(444,016.4)	912,591.1	38,799.7	(600,528.2)
Cash and cash equivalents at the beginning of the year	870,441.5	1,716,599.9	1,272,583.5	2,185,174.6	2,223,974.3
Cash and cash equivalents at the end of the year	1,716,599.9	1,272,583.5	2,185,174.6	2,223,974.3	1,623,446.0

**Table A11.18: Consolidated statement of cash flows  
Ipak Yuli Bank (IYB)**

SUM million

Items	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash flows from operating activities before changes in operating assets and liabilities	95,755	208,718	251,070	340,816	535,094
Net cash used in operating activities	(255,747)	(241,612)	(557,360)	70,438	342,060
Net cash used in investing activities	(21,603)	(118,514)	(68,848)	(463,157)	(132,530)
Net cash from financing activities	55,146	345,808	722,192	500,037	491,560
Effect of exchange rate changes on cash and cash equivalents	595,402	3,293	7,798	5,882	4,756
Effect of expected credit losses on cash and cash equivalents	-	(46)	(61)	75	(72)
Net (decrease) in cash and cash equivalents	373,198	(11,071)	103,721	113,275	705,774
Cash and cash equivalents at the beginning of the year	629,493	1,002,691	991,620	1,095,341	1,208,616
Cash and cash equivalents at the end of the year	1,002,691	991,620	1,095,341	1,208,616	1,914,390

**Table A11.19: Consolidated statement of cash flows  
Davir Bank (IYB)**

SUM million

	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash flows from operating activities before changes in operating assets and liabilities	29,546	46,795	101,680	107,936	47,508
Net cash used in operating activities	80,341	(57,903)	(226)	(60,035)	(543,595)
Net cash used in investing activities	(5,455)	(4,670)	(12,382)	(59,543)	(60,996)
Net cash from financing activities	32,720	55,524	183,936	165,204	506,739
Effect of exchange rate changes on cash and cash equivalents	14,642	537	(198)	453	1,556

Effect of expected credit losses on cash and cash equivalents	-	1,059	(2,453)	(447)	3,452
Net (decrease) in cash and cash equivalents	115,569	(24,030)	146,213	45,633	(92,843)
Cash and cash equivalents at the beginning of the year	73,495	189,065	165,034	311,249	356,881
Cash and cash equivalents at the end of the year	189,065	165,034	311,249	356,881	264,038

**Table A11.20: Consolidated statement of cash flows  
National Bank of Uzbekistan (NBU)**

SUM million

	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash flows from operating activities before changes in operating assets and liabilities	767,169	1,128,739	1,565,668	2,284,304	2,919,599
Net cash used in operating activities	(6,243,770)	(10,681,031)	(13,618,239)	(2,680,944)	(1,693,012)
Net cash used in investing activities	(123,507)	(823,870)	(758,275)	(759,014)	(598,325)
Net cash from financing activities	7,190,535	7,594,549	15,202,002	6,132,357	3,375,354
Effect of exchange rate changes on cash and cash equivalents	5,005,248	(448,104)	(213,405)	(81,321)	(2,113)
Effect of expected credit losses on cash and cash equivalents	-	(412)	(4,711)	11	(4,697)
Net (decrease) in cash and cash equivalents	5,744,398	(4,466,354)	387,445	2,377,448	806,344
Cash and cash equivalents at the beginning of the year	5,336,109	11,080,508	6,614,154	7,001,599	9,379,047
Cash and cash equivalents at the end of the year	11,080,508	6,614,154	7,001,599	9,379,047	10,185,391

**Table A11.21: Consolidated statement of cash flows  
Asaka Bank (AB)**

SUM million

	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash flows from operating activities before changes in operating assets and liabilities	190,202	344,945	656,015	1,017,457	751,965
Net cash used in operating activities	(6,453,069)	(9,457,009)	(4,358,715)	(4,935,494)	(472,517)
Net cash used in investing activities	(123,060)	(296,438)	377,483	(1,146,974)	(507,148)
Net cash from financing activities	5,683,846	7,166,751	8,483,890	6,645,856	2,202,885
Effect of exchange rate changes on cash and cash equivalents	2,288,323	(1,081)	(9,563)	19,102	(15,200)

Effect of expected credit losses on cash and cash equivalents	-	(2,700)	(2,852)	4,458	695
Net (decrease) in cash and cash equivalents	1,364,755	(2,606,494)	3,675,655	494,966	1,139,623
Cash and cash equivalents at the beginning of the year	2,435,486	3,800,241	1,193,747	4,869,402	5,364,368
Cash and cash equivalents at the end of the year	3,800,241	1,193,747	4,869,402	5,364,368	6,503,991

**Table A11.22: Consolidated statement of cash flows  
Uzbek Industrial and Construction Bank (SQB)**

SUM million

	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash flows from operating activities before changes in operating assets and liabilities	98,146	340,972	592,876	668,420	1,077,433
Net cash used in operating activities	(324,424)	(5,205,913)	(7,478,333)	(3,563,204)	(1,166,228)
Net cash used in investing activities	(27,651)	(121,906)	(460,753)	(336,750)	(588,738)
Net cash from financing activities	1,141,445	4,159,683	8,791,398	6,422,084	3,492,542
Effect of exchange rate changes on cash and cash equivalents	1,310,411	5,902	113,129	216,482	857,890
Effect of expected credit losses on cash and cash equivalents	-	-	-	-	-
Net (decrease) in cash and cash equivalents	2,099,781	(1,162,234)	965,441	2,738,612	2,595,466
Cash and cash equivalents at the beginning of the year	959,586	3,059,367	1,897,133	2,862,574	5,601,186
Cash and cash equivalents at the end of the year	3,059,367	1,897,133	2,862,574	5,601,186	8,196,652

**Table A11.23: Consolidated statement of cash flows  
Ipoteka Bank (IB)**

SUM million

	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash flows from operating activities before changes in operating assets and liabilities	130,920	278,072	687,447	809,019	1,392,205
Net cash used in operating activities	(2,596,754)	(4,440,127)	(3,357,539)	(2,862,814)	(594,777)
Net cash used in investing activities	(52,004)	(240,987)	(62,299)	(778,211)	(392,897)
Net cash from financing activities	2,529,037	4,625,227	4,644,196	5,882,091	3,113,650
Effect of exchange rate changes on cash and cash equivalents	962,381	(2,842)	90,453	276,469	(43,943)



Effect of expected credit losses on cash and cash equivalents	-	-	-	(67)	86
Net (decrease) in cash and cash equivalents	842,660	(58,729)	1,314,811	2,517,535	2,082,033
Cash and cash equivalents at the beginning of the year	531,431	1,374,091	1,315,362	2,630,173	5,147,781
Cash and cash equivalents at the end of the year	1,374,091	1,315,362	2,630,173	5,147,781	7,229,900

**Table A11.24: Consolidated statement of cash flows  
Turon Bank (TB)**

	SUM million				
	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Cash flows from operating activities before changes in operating assets and liabilities	16,156	66,612	97,024	(21,567)	207,950
Net cash used in operating activities	(254,462)	(992,152)	(1,230,561)	(1,417,294)	(766,636)
Net cash used in investing activities	(16,738)	(24,476)	(68,215)	(241,817)	(434,944)
Net cash from financing activities	276,449	1,115,776	1,756,964	1,423,201	1,626,569
Effect of exchange rate changes on cash and cash equivalents	239,093	(3,602)	38,727	42,645	6,659
Effect of expected credit losses on cash and cash equivalents	-	3	(29)	26	(210)
Net (decrease) in cash and cash equivalents	244,342	95,549	496,886	(193,239)	431,438
Cash and cash equivalents at the beginning of the year	179,978	424,320	519,869	1,016,755	823,516
Cash and cash equivalents at the end of the year	424,320	519,869	1,016,755	823,516	1,254,954

**Table A11.25: Nonperforming loans of PFIs as of 1 March 2023**

#	PFI	Total loan portfolio	Non-performing Loans (NPL)	Share of NPL in total loan portfolio
1.	Hamkor bank (HB)	11,652,000	74,000	0.6%
2.	Ipak Yuli bank (IYB)	8,370,000	183,000	2.2%
3.	Davr bank (DB)	3,358,000	64,000	1.9%
4.	National bank of Uzbekistan (NBU)	87,211,000	2,720,000	3.1%
5.	Asaka bank (AB)	36,375,000	1,727,000	4.7%
6.	Uzbek Industrial and Construction Bank (SQB)	51,689,000	1,700,000	3.3%
7.	Ipoteka bank (IB)	32,382,000	1,007,000	3.1%
8.	Turon bank (TB)	9,671,000	313,000	3.2%
	<b>Total</b>	<b>240,707,000.0</b>	<b>7,786,000.0</b>	<b>3.2%</b>

**Table A11.26: Key financial ratios for Hamkorbank (HB) for 2017-2021**

Ratio	ADB covenants	2017	2018	2019	2020	2021
A cost to income ratio	<75	75.0	73.18	73.5	73.57	78.17
Return on Average Assets Ratio	>1	3.0	3.8	4.2	4.0	4.39
Net Non-Performing Loans Ratio	<5	0.4	0.3	1.6	4.0	1.66
Maximum limit on an individual related party exposure	<25	5.0	1.9	0.0	0.8	1.70
Insider Exposure Ratio	<25	4.0	0.01	0.0	3.8	7.90
Positive net income for the current and two preceding years	+ comply - not comply	comply	comply	comply	comply	comply

Source: 2017-2021 audited financial statements

**Table A11.27: Key financial ratios for Ipak Yuli Bank (IYB) for 2017-2021**

Ratio	ADB covenants	2017	2018	2019	2020	2021
A cost to income ratio	<75	72.30	69.30	66.90	61.32	65.98
Return on Average Assets Ratio	>1	3.82	3.93	4.91	3.09	4.87
Net Non-Performing Loans Ratio	<5	2.36	0.57	0.46	1.98	1.94
Maximum limit on an individual related party exposure	<25	0.28	0.21	0.13	0.09	0.05
Insider Exposure Ratio	<25	0.03	0.25	0.98	0.55	0.30
Positive net income for the current and two preceding years	+ comply - not comply	comply	comply	comply	comply	comply

Source: 2017-2021 audited financial statements

**Table A11.28: Key financial ratios for Davr Bank (DB) for 2017-2021**

Ratio	ADB covenants	2017	2018	2019	2020	2021
A cost to income ratio	<75	60.1	73.0	60.85	61.51	73.7
Return on Average Assets Ratio	>1	7.4	5.3	6.41	5.94	5.2
Net Non-performing Loans Ratio	<5	0.1	0.2	0.63	0.36	1.1
Maximum limit on an individual related party exposure	<25	2.4	0.1	0.005	0.03	1.3
Insider Exposure Ratio	<25	0.3	0.1	0.0	0.0	0.1
Positive net income for the current and two preceding years	+ comply - not comply	comply	comply	comply	comply	comply

Source: 2017-2021 audited financial statements

**Table A11.29: Key financial ratios for National Bank of Uzbekistan (NBU) for 2017-2021**

Ratio	ADB covenants	2017	2018	2019	2020	2021
A cost to income ratio	<75		77.8	79.7	60.2	59.2
Return on Average Assets Ratio	>1		1.5	1.3	1.3	1.4
Net Non-performing Loans Ratio	<5		1.6	2.3	2.3	2.8
Maximum limit on an individual related party exposure	<25		17.3	2.4	14.4	12.1
Insider Exposure Ratio	<25		0.0	0.0	0.0	0.0
Positive net income for the current and two preceding years	+ comply - not comply		comply	comply	comply	comply

Source: 2017-2021 audited financial statements

**Table A11.30: Key financial ratios for Asaka Bank (AB) for 2017-2021**

Ratio	ADB covenants	2017	2018	2019	2020	2021
A cost to income ratio	<75	92.0	90.0	70.0	67.0	77.0
Return on Average Assets Ratio	>1	1.0	0.0	0.4	0.5	0.3
Net NPL Ratio	<5	2.0	1.0	11.0	3.7	4.5
Maximum limit on an individual related party exposure	<25	2.0	26.0	30.0	24.0	28.0
Insider Exposure Ratio	<25	0.0	0.0	0.0	0.0	0.0
Positive net income for the current and two preceding years	+ comply - not comply	comply	comply	comply	comply	comply

Source: 2017-2021 audited financial statements

**Table A11.31: Key financial ratios for Uzbek Industrial and Construction Bank (SQB) for 2017-2021**

Ratio	ADB covenants	2017	2018	2019	2020	2021
A cost to income ratio	<75	44.79	77.25	74.02	66.00	6
Return on Average Assets Ratio	>1	5.19	0.79	1.81	0.27	1.65
Net Non-performing Loans Ratio	<5	0.24	0.11	0.36	0.40	1.40
Maximum limit on an individual related party exposure	<25	42.64	33.12	4.80	5.91	4.74
Insider Exposure Ratio	<25	0.0	0.06	0.01	0.01	4.75
Positive net income for the current and two preceding years	+ comply - not comply	comply	comply	comply	comply	comply

Source: 2017-2021 audited financial statements

**Table A11.32: Key financial ratios for Ipoteka Bank (IB) for 2017-2021**

Ratio	ADB covenants	2017	2018	2019	2020	2021
A cost to income ratio	<75	71.3	84.6	85.11	86.42	79.38
Return on Average Assets Ratio	>1	2.9	1.07	1.55	1	2.44
Net Non-Performing Loans Ratio	<5	0.0	0.02	1.09	1.61	2.24
Maximum limit on an individual related party exposure	<25	42.9	0.0	11.19	9.39	7.06
Insider Exposure Ratio	<25	0.0	0.0	3.72	16.86	3.94
Positive net income for the current and two preceding years	+ comply - not comply	comply	comply	comply	comply	comply

Source: 2017-2021 audited financial statements

**Table A11.33: Key financial ratios for Turon Bank (TB) for 2017-2021**

Ratio	ADB covenants	2017	2018	2019	2020	2021
A cost to income ratio	<75	85.51	84.6	85.11	86.42	81.6
Return on Average Assets Ratio	>1	1.23	1.07	1.55	1	0.2
Net Non-Performing Loans Ratio	<5	1.91	0.02	1.09	1.61	3.2
Maximum limit on an individual related party exposure	<25	3.51	0.0	11.19	9.39	2.5
Insider Exposure Ratio	<25	3.4	0.0	3.72	16.86	0.3
Positive net income for the current and two preceding years	+ comply - not comply	comply	comply	comply	comply	comply

Note

Source: 2017-2021 audited financial statements

**STATUS OF COMPLIANCE WITH LOAN COVENANTS**  
**Table A12.1: L3471-UZB: Horticulture Value Chain Development Project**

Covenant	Reference in Loan Agreement	Status of Compliance
<p><b>General</b>            The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.</p>	Schedule 3, para. 1	<p>Complied with.            All goods, and services related to project management are procured by ISCAD in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).</p>
<p><b>Implementation Arrangements</b>            The Borrower shall, and shall ensure that the Project EA and PFIs shall, ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower, the Project Executing Agency, the relevant PFIs and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.</p>	Schedule 4, para. 1	<p>Complied with.            The ISCAD and PFIs strictly adhere to the implementation arrangements as specified in the PAM.</p>
<p>Except as ADB may otherwise agree, Goods shall be procured, and Consulting Services shall be selected and engaged, by the Project EA for Part B of the Project only on the basis of the procurement method and the selection method set forth below. These methods are subject to, among others, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement method and the selection method or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.</p>	Schedule 3, para. 2	<p>Complied with.            ISCAD follows the methods of procurement as specified in the procurement plan. As prescribed, the procurement plan requires annual updating. During the mission, the procurement plan was revised to update on the awarded and ongoing contracts. Relevant changes were made in the PRS during the mission.</p>
<p><b>Goods</b>            The Borrower shall cause the Project EA to procure Goods for Part B of the Project based on Shopping.</p>	Schedule 3, para. 4	<p>Complied with.            The following packages, GD-1, GD-2, GD-3, GD-5, GD-6 and GD-7 have already been completed. Package GD-4 accounting software of ISCAD was not procured because of lack of need.</p>
<b>Consulting Services</b>	Schedule 3, para. 5	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
<p>The Borrower shall cause the Project EA to apply (a) Consultants' Qualifications Selection for Consulting Services for capacity development for the PFIs, Project beneficiaries, and horticulture export agency; and (b) Least Cost Selection for external audit services, each for Part B of the Project.</p>		<p>Recruitment for the following packages, CS-01, CS-02, CS-03, CS-04, CS-05, CS-06 and CS-07 have already been completed.</p> <p>CS-11 related to "Support for entrepreneurship in agro-food sector for rural women farmers" was cancelled because similar activities have already been conducted and an Association of Women in Agribusiness was created by the government.</p> <p>CS-12 cancelled according to the Letter of ADB dated 15 December 2021 URM-2021-577</p> <p>The following contracts have been completed:</p> <ul style="list-style-type: none"> <li>a. CS-08 "Financial audit for 2020-2022"; and</li> <li>b. CS-10 "Conduct a socioeconomic survey on impact of the project implementation (Final-Term Assessment)"</li> </ul>
<p><b>Eligible Source of Procurement.</b> Withdrawals from the Loan Account in respect of Goods and/or Consulting Services by the Project EA shall be made only on account of expenditures relating to Goods and/or Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and Consulting Services which meet such eligibility requirements as shall have been specified by ADB from time to time.</p>	Schedule 3, para. 6	Complied with.
<p>Goods, Works, and Consulting Services may be procured by Qualified Subborrowers under the Project from either member countries or non-member countries of ADB.</p>	Schedule 3, para. 7	Complied with.
<p><b>Procurement by Qualified Subborrowers.</b> The Borrower shall cause the PFIs to ensure that each Qualified Subborrowers undertakes procurement of Goods, Works, and Consulting Services with due attention to economy and efficiency</p>	Schedule 3, para. 8	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
and in accordance with established private sector or commercial practices, acceptable to ADB.		
<p><b>Industrial or Intellectual Property Rights:</b></p> <p>(a) The Borrowers shall cause the Project EA and the PFIs to ensure that all Goods and Works procured by the Qualified Subborrower (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.</p> <p>(b) The Borrower shall cause the Project EA and the PFIs to ensure that all contracts entered into by the Qualified Subborrower for the procurement of Goods and Works contain appropriate representations, warranties and if, appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) hereinabove.</p>	Schedule 3, para. 9	Complied with.
The Borrower shall cause the Project EA and the PFIs to ensure that all ADB-financed contracts entered into by the Qualified Subborrower with consultants contain appropriate representations, warranties and if, appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.	Schedule 3, para. 10	Complied with.
<p><b><u>ADBs Review of Procurement Decisions.</u></b></p> <p>Contracts for Consulting Services to be engaged by the Project EA for Part B of the Project shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.</p>	Schedule 3, para. 11	Complied with. All procurement decisions of ISCAD were done with prior ADB review and no objection.
In the case of the contract for Goods to be entered into by the Project EA for Part B of the Project,	Schedule 3, para. 12	Complied with.

Covenant	Reference in Loan Agreement	Status of Compliance
<p>which is subject to ADBs prior review, the Borrower shall cause Project EA to seek ADBs prior approval of any modification or waiver of the terms and conditions of the contract, including:</p> <p>(a) granting an extension of the stipulated time for completion of a contract for a period of 1 month or more, or which is likely to require an extension of the Loan Closing Date, and</p> <p>(b) increases in aggregate of the original price by more than 5% (for the avoidance of doubt, such increase shall take into account any previous change under such contract).</p>		<p>So far, there were no extensions requested nor request for increase in original price.</p>
<p>In the case of a contract for Goods to be entered into by the Project EA for Part B of the Project, which is subject to ADBs post review, ADB shall review the required contract modification or waiver and respond to the Borrower as soon as practicable, but not later than 1 month after the receipt of the required document.</p>	<p>Schedule 3, para. 13</p>	<p>Complied with. No contract modification was requested or needed.</p>
<p>The Borrower shall cause the Project EA to provide to ADB copies of all modification or waivers to the contracts (including change orders) within 1 month following amendment of the contract.</p>	<p>Schedule 3, para. 14</p>	<p>Complied with. No contract modification was requested or needed.</p>
<b>FINANCIALS</b>		
<p><b>Disbursement Procedures</b> Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook. The Borrower through the Project EA shall cause the PFIs to ensure that (a) ADBs financing shall not exceed 75% of the total costs under each Qualified Subproject and (b) any violation of a Qualified Subborrowers share of financing by in-kind contribution shall be done in an objective and transparent manner acceptable to ADB.</p>	<p>Schedule 4, para. 2</p>	<p>Complied with. ADB financing did not exceed 75% of the total costs for each Qualified Subproject. As of 08 June 2022, the liquidation is at 100%.</p>
<p><b>Financial Covenants:</b> The Borrower shall (a) cause the PFIs to ensure that they remain financially sound throughout the</p>	<p>Schedule 4, para. 3</p>	<p>Complied with. At the same time, the company's audited financial statements for fiscal years 2017-2022 showed breaches of</p>

Covenant	Reference in Loan Agreement	Status of Compliance
Project implementation period and (b) through the Project EA monitor such compliance and promptly report any non-compliance to ADB.		financial covenants and delays related to financial reporting. The main reason for this is the pandemic and transformation of the banking system. Some PFIs didn't comply with the following financial covenants: (i) Cost to Income Ratio; (ii) Return on Average Assets Ratio; (iii) Net non-performing loans Ratio; and (iv) Maximum limit on individual related party exposure. PFIs prepared "Action Plans" to meet the financial covenants and put them in order. ADB reviewed and approved "Action Plans".
<p><b>Financial Management</b></p> <p>In addition to the financial covenants in relation to PFIs, the Borrower shall (a) cause the PFIs to ensure that they satisfy the eligibility criteria for PFIs as set out in the PAM throughout the Project implementation period; and comply with the time-bound financial management actions as set out in the PAM as applicable to the relevant PFIs; and (b) through the Project EA monitor such compliance and promptly report any non-compliance to ADB.</p>	Schedule 4, para. 4	Complied. Submitted APFS for Loan 3471 were mostly unqualified. Mostly identified issues were inability to verify the total of the Uzbek GOU's counter-financing to the Project over the period of 2017-2021 i.e., the total of customs duties charged on the imported goods, used applied exemptions on the mandatory contributions and fees to the state funds as well as charged VAT. The management letters do not identify any other critical weakness in internal control and financial accounting
The Borrower shall ensure that the Project EA comply with the time-bound financial management actions as set out in the PAM as applicable to the Project Executing Agency.	Schedule 4, para. 5	Complied with. ISCAD has submitted the audit report (APFS) for 2021 and the report was accepted by ADB.
<p><b>Criteria for Qualified Subborrowers</b></p> <p>The Borrower through the Project EA shall cause the PFIs to ensure that each Qualified Subborrowers:</p> <p>(a) is an entity of entrepreneurial activities established and registered in accordance with applicable laws of the Borrower, and is in compliance with all laws and regulations of the Borrower;</p> <p>(b) is not a related party with respect to the PFI under the laws and regulations of the Borrower and CBU regulations; and</p> <p>(c) is determined to be acceptable based on the due diligence undertaken by the PFI in</p>	Schedule 4, para. 6	Complied with. ISCAD ensured that the Qualified Subborrowers met all the criteria.



Covenant	Reference in Loan Agreement	Status of Compliance
accordance with the PFIs prevailing credit and risk management policies and procedures that are consistent with appropriate commercial banking criteria.		
<p><b>Criteria for Qualified Subprojects</b></p> <p>The Borrower through the Project EA shall cause the PFIs to ensure that each Qualified Subproject shall be for activities that:</p> <p>(a) relate to one of the following: (i) manufacture and/or supply of farm technology, machinery and infrastructure, and the supply of farm inputs and services appropriate to the production of horticultural produce; (ii) production of horticultural produce; or (iii) post-harvest handling, storage, processing and marketing of horticultural produce;</p> <p>(b) do not involve any involuntary resettlement or indigenous peoples impacts, all within the meaning of the SPS;</p> <p>(c) do not involve any environmental impacts, which can be categorized as Category A, all within the meaning of the SPS or class 1 or 2 of all applicable laws and regulations of the borrower relating to the environment;</p> <p>(d) are not included in the list of prohibited investment activities set out in Appendix 5 of the SPS; and</p> <p>(e) do not involve mining or genetically modified organisms.</p>	Schedule 4, para. 7	<p>Complied with.</p> <p>(a) The chosen Subprojects relate to the enumerated activities in the agreement.</p> <p>(b) No involuntary resettlement nor indigenous peoples impacts recorded/reported.</p> <p>(c) Subprojects did not involve environmental impacts.</p> <p>(d) Not included in the list of prohibited investment activities.</p> <p>(e) Did not involve mining or genetically modified organisms.</p>
<p><b>Criteria for Subloans</b></p> <p>The Borrower through the Project EA shall cause the PFIs to ensure that each Qualified Subloan:</p> <p>(a) does not exceed the maximum subloan amount of \$5,000,000 equivalent;</p> <p>(b) is used for investment purposes (being purchase of capital assets) only and not for the financing of working capital;</p> <p>(c) has a maximum tenor of 10 years;</p> <p>(d) carries interest at a market-based rate as determined by the relevant PFI based on its prevailing</p>	Schedule 4, para. 8	<p>Complied with.</p> <p>100% of the disbursed amount was already liquidated. All criteria set in the agreement were ensured to have been met and complied with.</p>

Covenant	Reference in Loan Agreement	Status of Compliance
<p>risk management policies and procedures;            (e) is secured or collateralized with realizable and otherwise unencumbered assets with a value of at least 125% of the Subloan; and            (f) requires a minimum debt service coverage ratio of 1.2.</p>		
<b>SAFEGUARDS</b>		
<p><b><u>Environmental and Social Assessment and Planning</u></b>            The Borrower through the Project EA shall cause each PFI to ensure that before any Subloan is approved, the ESMS is used to screen and categorize the significance of potential environmental, involuntary resettlement or indigenous people impacts associated with the relevant subproject.</p>	<p>Schedule 4, para. 9</p>	<p>Complied with.            All PFIs have established ESMS and designated ESMS managers and coordinators. All subprojects have undergone preliminary environmental screening and categorization of the PFI, by strictly following Environmental and Social Management System (ESMS) and in accordance with the law of the Republic of Uzbekistan in the field of environmental protection and the requirements of ADB. As a condition, for disbursements the ESMS were prepared by PFIs and reviewed and approved by ADB.</p>
<p><b><u>Environment</u></b>            The Borrower through the Project EA shall cause each PFI to ensure that the preparation, design, construction, implementation, operation and decommissioning of each subproject financed by a Subloan comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environment Safeguards; and (c) the ESMS, and any corrective or preventive actions set forth in a Safeguards Monitoring Report.</p>	<p>Schedule 4, para. 10</p>	<p>Complied with.            In January-February 2021, PFIs provided annual reports on the effectiveness of environmental and social measures implementation to ISCAD.            On March 30, 2021, the annual Safeguard monitoring report was approved by ADB.</p> <p>Since the beginning of the project implementation, 359 subprojects were financed all subprojects underwent preliminary environmental screening by the PFIs strictly following the ESMS procedures of which 328 are classified as "B" and the remaining 31 subprojects are classified as "C" according to the legislation of Uzbekistan in the field of environmental protection and ADB's requirement.</p> <p>Prior to the implementation of any type of activity in the field of horticulture production, all beneficiaries of subprojects were aware of environmental and technical safety requirements. To the present day,</p>

Covenant	Reference in Loan Agreement	Status of Compliance
		<p>problems related to noise and vibration, water, and air quality have not been identified. There were no accidents or emergency cases. Complaints from nearby residential populations were not received.</p> <p>During the monitoring of some subprojects, minor issues were identified regarding the storage of waste and the equipment of the personnel; beneficiaries were informed of recommendations in accordance with ESMS procedures to prevent minor problems. Environmental monitoring of subprojects is carried out according to the internal schedule.</p> <p>To increase the capacity of PFI, ISCAD commissioned an international consultant (signed a contract №.HVCD/CQS/CS01 dated December 6, 2019), to provide consulting services on "Compliance review of environmental and social protection management system (ESMS) implementation; and the training on environmental and social screening and monitoring of subprojects".</p> <p>According to the contract CS-01 (Compliance review of environmental and social protection management system (ESMS) implementation; and the training on environmental and social screening and monitoring of sub-projects) the Consultant conducted 40 sub-project monitoring reviews and 3 two-day training sessions in the Bukhara, Andijan, and Samarkand regions, for PFI staff. The Consultant provided video training programs which were sent to all PFIs for further use. Final Report and Corrective Action Plan under the contract CS-01 received no objection on December 10, 2020.</p> <p>170 PFIs staff trained on environmental safeguards in 2019-2020.</p>

Covenant	Reference in Loan Agreement	Status of Compliance
<p><b><u>Land Acquisition and Involuntary Resettlement</u></b>  The Borrower, through the Project EA shall cause each PFI to ensure that each subproject financed by a Subloan does not have any involuntary resettlement impacts, all within the meaning of SPS. If the Project does not have any such impact, the Borrower through the Project EA shall cause the PFI to take all steps required to ensure that the relevant subproject complies with all the applicable laws and regulations of the Borrower and the SPS. In case of any inconsistency or discrepancy between the SPS and applicable laws and regulations of the Borrower, the SPS shall prevail.</p>	Schedule 4, para. 11	Complied with. There were no land acquisition and involuntary resettlement identified.
<p><b><u>Indigenous Peoples</u></b>  The Borrower, through the Project EA shall cause each PFI to ensure that each subproject financed by a Subloan does not have any indigenous peoples impacts, all within the meaning of the SPS. If the subproject does have any such impact, the Borrower through the Project EA shall cause PFI to take all steps required to ensure that the subproject complies with all the applicable laws and regulations of the Borrower and the SPS. In case of any inconsistency and discrepancy between the SPS and the applicable laws and regulations of the Borrower, the SPS shall prevail.</p>	Schedule 4, para. 12	Complied with. There were no indigenous peoples impact identified.
<p><b><u>Human and Financial Resources to Implement Safeguards Requirements</u></b>  The Borrower through the Project EA shall cause each PFI to ensure that necessary financial and human resources are made available to fully implement the ESMS.</p>	Schedule 4, para. 13	Complied with.
<p><b><u>Safeguard Monitoring and Reporting</u></b>  The Borrower, through the Project EA shall cause each PFI to do the following:  (a) submit annual Safeguards Monitoring Reports to ADB;</p>	Schedule 4, para. 14	Complied with. Safeguards Monitoring reports are kept in file. The annual reports were prepared by the PFIs and submitted to ISCAD by the end of January every year which was then submitted to ADB by mid-February. The first such reports

Covenant	Reference in Loan Agreement	Status of Compliance
<p>(b) if any unanticipated environmental and/or social risks and impacts arise during Qualified Subproject implementation, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and</p> <p>(c) report any actual or potential breach of compliance with the measures and requirements set forth in the ESMS promptly after becoming aware of the breach.</p>		<p>were prepared and submitted in January 2018 for reporting period of April-December 2017.</p>
<p><b><u>Labor Standards and Safety</u></b>  The Borrower, through the Project EA shall cause the PFIs to ensure that the Qualified Subborrowers comply with the core labor standards and the Borrowers applicable laws and regulations during the Project implementation, including, but not limited to, the requirements relating to (a) workplace occupational safety rooms; (b) no use of child labor; (c) no discrimination against workers in respect of employment and occupation; and (d) no use of forced labor. The Borrower shall cause the PFIs to ensure that the workers engaged by the Qualified Subprojects are not restricted from developing legally permissible means of expressing their grievances and protecting their rights regarding conditions and terms of employment.</p>	<p>Schedule 4, para. 15</p>	<p>Complied with.  International labor conventions, national normative documents on the use of child labor and forced labor were provided in all workshops currently being conducted in the regions.</p>
<p>The Borrower, through the Project EA shall cause the PFIs to strictly monitor compliance with the requirements set forth in the paragraph 15 above and provide ADB with regular reports.</p>	<p>Schedule 4, para. 16</p>	<p>Complied with.</p>
<p><b><u>Governance and Anticorruption</u></b>  The Borrower shall, and shall cause the Project EA and the PFIs to, (a) comply with ADBs Anticorruption Policy (1988, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or</p>	<p>Schedule 4, para. 18</p>	<p>Complied with.  The contracts signed by ISCAD and the PFIs include clauses on Anticorruption.</p>

Covenant	Reference in Loan Agreement	Status of Compliance
coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.		
The Borrower shall and shall cause the Project EA and the PFIs to, ensure that all contracts in relation to the Project include provisions specifying the right of ADB to audit and examine the records and accounts of the contractors, suppliers, consultants, and other service providers as they relate to the Project.	Schedule 4, para. 19	Complied with.
<p><b><u>Combating Money Laundering and Financing of Terrorism</u></b></p> <p>The Borrower through the Project EA shall ensure that each PFI:</p> <p>(a) complies with applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism and that Loan proceeds are not used, directly or indirectly, in money laundering or financing of terrorism;</p> <p>(b) formulates and implements internal control procedures, including customer due diligence procedures, to prevent violation of subparagraph (a) hereinabove; and</p> <p>(c) promptly informs the Borrower and ADB if there is any violation or potential violation of subparagraph (a) hereinabove. If ADB informs the Project EA concern that there has been such an alleged violation, that PFI shall; (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred; (ii) respond promptly and in reasonable detail to any query from ADB; and (iii) furnish documentary support for such response upon ADBs request.</p>	Schedule 4, para. 20	<p>Complied with.</p> <p>The country has an internal control rule (General Prosecutor's Office and Central Bank of Uzbekistan regulations) on money laundering and financing of terrorism.</p>

ADB = Asian Development Bank, EA = Agency for the Implementation of Projects in Agro-industrial Complex and Food Supply, ESMS = Environmental and Social Management System, ISCAD = International Strategic Center for Agri-Food Development, PFI = Participating Financial Institution, SPS = ADB's Safeguard Policy Statement, PAM = Project Administration Manual, PRS = Procurement Review System.

Source: Asian Development Bank.

**Table A12.2: L3673-UZB: Horticulture Value Chain Development Project (Additional Financing)**

Covenant	Reference in Loan Agreement	Status of Compliance
<p><b>Implementation Arrangements</b> The Borrower shall, and shall ensure that the Project EA and the PFIs shall, ensure that that Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower, the Project Executing Agency, the relevant PFIs and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.</p>	Schedule 4, para. 1	Complied with. The ISCAD and PFIs strictly adhere to the implementation arrangements as specified in the PAM.
<p>Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook. The Borrower through the Project EA shall cause the PFIs to ensure that (a) ADB's financing shall not exceed 75% of the total costs under each Qualified Subproject; and (b) any valuation of a Qualified Subborrower's share of financing by in-kind contribution shall be done in an objective and transparent manner acceptable to ADB.</p>	Schedule 4, para. 2	Complied with. ADB financing did not exceed 75% of the total costs for each Qualified Subproject. As of 08 June 2022, the liquidation is at 100%.

Note

Source: Asian Development Bank.

## REEVALUATION OF FINANCIAL AND ECONOMIC VIABILITY

1. The purpose of this ex-post economic analysis is to validate the project's economic viability by recomputing the Economic Internal Rates of Return (EIRRs) and comparing it against the (i) appraisal EIRR estimates and the (ii) the social discount rate, assumed to be 12% at the time of project appraisal.<sup>1</sup> Typically, analysis methodology requires preparation of the financial cash flow statements in the with- and without-project scenarios, and then compute the incremental financial costs and benefits by taking the difference between the two scenarios. Secondly, all financial costs and benefits in the with- and without-project scenarios are converted to economic values, and an incremental economic resource flow statement is computed by taking the difference between the two scenarios. This results in an incremental economic resource flow statement, which is the basis for computing EIRR.
2. However, in this particular project, since all subprojects are greenfield projects, and are on vacant land with limited alternative use, in effect there is no without-project scenario.<sup>2</sup> The EIRRs are computed based on the economic resource flow statement in the with-project scenario.
3. The key assumptions are as follows:
  - (i) The analytical time frame is 10 years including the construction period.
  - (ii) The analysis uses local currency, Uzbek Sum (SUM), as the numeraire;
  - (iii) The shadow exchange rate factor (SERF) is re-estimated, and reduce from 1.67 in 2016 to 1.34 in 2023;
  - (iv) The exchange rate, used to convert the investment cost which is reported in United State Dollars to SUM, increased from SUM/\$2,900 in 2016 to SUM/\$11,000 in early 2022. SUM devaluated significantly in 2018 when exchange rate control was removed;
  - (v) Taxes, duties and interest are excluded from the economic cost;
  - (vi) A shadow wage rate factor of 0.80 has been used for unskilled labor;
  - (vii) The opportunity cost of capital is 9%.
4. Table A13.1 presents the derivation of the SERF.

**Table A13.1: Shadow Exchange Rate Factor in 2023**

Item	Value (\$)
<b>Import and Export Value<sup>a</sup></b>	
Total imports of goods and services	16,662,804,356
Total exports of goods and services	23,740,369,299
<b>Taxes and Subsidies on Imports<sup>b</sup></b>	
Import duty at 70%	11,663,963,049
Sales tax on imports at 12%	1,999,536,523
Subsidy on imports at 0%	0
Net value of taxes on imports (NVTM)	13,663,499,572
<b>Taxes and Subsidies on Exports<sup>b</sup></b>	
Export duty	0

<sup>1</sup> ADB revised the threshold is revised to 9% in 2017.

<sup>2</sup> More precisely, the without-project scenario would be one that has neither revenue/benefit stream, nor investment and operating costs stream. The incremental economic resource flow statement is the same as the with-project economic resource flow statement.



Export rebates	0
Net value of taxes on exports (NVTX)	0

**SERF Derivation**

Exports + Imports (A)	40,403,173,655
Imports + NVTM (B)	30,326,303,927
Exports – NVTX (C)	23,740,369,299
<b>Standard Conversion Factor (SCF = A/(B+C))</b>	<b>0.75</b>
<b>Shadow Exchange Rate Factor (SERF = 1/SCF)</b>	<b>1.3382</b>

<sup>a</sup> State Statistics Committee of Uzbekistan (2021 data). <https://stat.uz/en/official-statistics/merchandise-trade>. Accessed January 2023.

<sup>b</sup> Price Waterhouse Coopers (PWC). <https://taxsummaries.pwc.com/republic-of-uzbekistan/corporate/other-taxes>. Accessed January 2023.

Source: Consultant estimates.

5. **Project Investment Cost.** The approved loan size including additional financing is \$352 million, consisting of \$349 million for financial intermediary subloans and \$3 million for project management and implementation. At project closing, the entirety of \$349 million financial intermediary subloans were disbursed, while there was an unused balance of \$0.88 million for project management and implementation.

6. In total, 359 subloans were made: 83 for cold storage, 25 for intensive orchard, for processing of horticultural products, 195 for greenhouses, 7 for packaging, and 7 were for agricultural machinery. The composition of the subloans, by volume and subproject types are presented in Tables A13.2 and A13.3.

**Table A13.2: Composition of Subloans by Subproject Types**

<b>Sector</b>	<b>Projected</b>	<b>Actual \$(‘000)</b>
Cold storage	83	44,507.0
Intensive orchard	25	21,955.0
Processing of horticultural products	45	59,239.0
Establish modern greenhouses	195	212,803.0
Packaging	4	3,843.4
Purchasing agricultural and other machinery	7	7,052.2
<b>Total</b>	<b>359</b>	<b>349,399.6</b>

Source: Asian Development Bank.

**Table A13.3: Composition of Subloans by Subloan Amount**

<b>Range</b>	<b>Number of Subloans</b>	<b>Aggregate Amount</b>
Up to \$999,999	253	102,313,300
From \$1,000,000 to \$1,999,999	58	79,494,300
From \$2,000,000 to \$2,999,999	20	47,214,600
From \$3,000,000 to \$3,999,999	8	25,859,300
From \$4,000,000 to \$5,000,000	20	94,518,300

Source: Asian Development Bank.

7. **Project Benefit.** All subprojects in the appraisal analysis are revenue-generating. Since subprojects’ outputs are marketable, their economic value can be estimated using the subproject outputs’ financial (market) prices after adjustments for taxes and duties. The appraisal analysis methodology is deemed appropriate. The PCR analysis follows the same methodology as the

appraisal analysis. Altogether, the 359 subloans created about 8,000 new jobs, for 5,000 males and 3,000 females.

8. **Analysis Results.** Table A13.4 presents a summary of EIRRs from the appraisal analysis and the PCR analysis. In the PCR analysis, hydroponics tomatoes have an EIRR of 6.4%, while grapes has a EIRR of 8.4%, both less than the economic discount rate of 9%. The EIRRs for the other six subprojects exceed 9%, and are as follows: 11.4% (cold storage); 13.2% (cherry); 15.5% (fruit tree nursery); fruit processing (21.8%); greenhouse tomato (23.2%); and cabbage production (24.5%). For hydroponics tomatoes and grapes, the low EIRRs are attributable to a significant reduction in yield and output price, as compared to the appraisal estimates.

**Table A13.4: Subproject EIRRs**

	EIRR at Appraisal	EIRR at PCR
Greenhouse tomato	15.4%	23.2%
Hydroponics tomato	12.1%	6.4%
Grape	29.8%	8.4%
Cherry	50.0%	13.2%
Cabbage	14.2%	24.5%
Fruit tree nursery	16.0%	15.5%
Cold Storage	12.2%	11.4%
Fruit processing	19.9%	21.8%

Source: consultant estimates.

9. Project implementation was smooth. There is no significant delay in consultant recruitment or procurement, nor cost overrun. Disbursement of loan proceeds was always on track, although in several years contract award is rated "for attention". Overall, process efficiency is satisfactory. Notwithstanding the low EIRRs for two subprojects, an efficient rating is proposed based on (i) the overall economic assessment of all eight subprojects, and (ii) process efficiency.<sup>3</sup>

10. Table A13.13 presents a more detailed summary of the project completion analysis, including sensitivity analysis results. Input and output prices, operating budgets and conversion factors are reestimated. Tables A13.5 to A13.12 present the annual operating budgets of the subprojects, to highlights the difference in the estimates for inputs, outputs, and yield which collectively drive the difference in analysis results, between the appraisal analysis and PCR analysis.

**Table A13.5: Operating Budget for Greenhouse Tomatoes (Year 5 at Full Operation)**

Item	Unit	Appraisal estimate		PCR estimate	
		Quantity	SUM/unit '000 (econ. value)	Quantity	SUM/unit '000 (econ. value)
<b>Outputs</b>					
Tomato	kg	35,000	2.36	25,000	18.97
<b>Operating costs</b>					
Seed	kg	1	600.00	0.75	2,296
Fuel	liter	240	2.65	300	8.08
Machinery hire	lump sum	1	270	1	823

<sup>3</sup> That the project is rated as less than effective has limited bearing on the efficient rate, since the effectiveness rating is due to the non-achievement of the macro-level outcome indicators, which in retrospect are ambiguous and beyond the project's control. The efficiency rating, as stated, is based on different criteria, namely process efficiency and the EIRRs of sampled subprojects.

Fertilizer (N)	kg	250	1.34	265	4.03
Fertilizer (P)	kg	210	2.14	220	1.37
Fertilizer (K)	kg	100	1.70	65	4.24
Organic fertilizer	ton	10	20.00	0.00	76.18
Chemicals	lump sum	1	333.32	1	1,008.56
Irrigation	lump sum	1	30.00	1	132.78
Electricity	kWh	6,000	0.25	6,000	1.11
Labor (5 persons x 3 months)	month	15	300.00	15	914.21
Administration	lump sum	1	190.00	1	687.56
Other expenses	lump sum	1	954.92	1	3,637.45

Note: Uzbek Sum has depreciated significantly from SUM/\$2,900 in 2016 (at the time of appraisal analysis) to SUM/\$11,000 in early 2022 (at the time of PCR analysis).

Source: consultant estimates.

**Table A13.6: Operating Budget for Hydroponic Tomatoes (Year 5 at Full Operation)**

Item	Unit	Appraisal estimate		PCR estimate	
		Quantity	SUM/unit'000 (econ. value)	Quantity	SUM/unit'000 (econ. value)
<b>Outputs</b>					
Tomato	kg	120,500	5.50	90,000	19.18
<b>Operating costs</b>					
Seed	kg	6	500.00	5.40	1,861.06
Fuel	liter	200	3.00	220	9.04
Machinery hire	lump sum	1	370.00	1	1,093.57
Fertilizer (N)	kg	200	0.80	180	3.49
Fertilizer (P)	kg	180	0.54	160	2.33
Fertilizer (K)	kg	80	1.70	160	8.15
Organic fertilizer	ton	0	0.00	10.00	0.00
Chemicals	lump sum	1	4,000.00	1	19,770.14
Irrigation	lump sum	1	200.00	1	863.09
Electricity	kWh	40,000	0.14	40,000	1.02
Labor (5 persons x 3 months)	month	15	400.00	15	1,113.04
Administration	lump sum	1	1,000.00	1	3,508.39
Other expenses	lump sum	1	2,500.00	1	9,233.91

Note: Uzbek Sum has depreciated significantly from SUM/\$2,900 in 2016 (at the time of appraisal analysis) to SUM/\$11,000 in early 2022 (at the time of PCR analysis).

Source: consultant estimates.

**Table A13.7: Operating Budget for Grapes (Year 5 at Full Operation)**

Item	Unit	Appraisal estimate		PCR estimate	
		Quantity	SUM/unit '000 (econ. value)	Quantity	SUM/unit '000 (econ. value)
<b>Outputs</b>					
Grapes	kg	45,000	3.50	30,000	19.73
<b>Operating costs</b>					
Operation and maintenance of drip irrigation system	kg	8	11,220	8.00	35,247
Soil mellowing, application of chemicals and fertilizer (fuel)	liter	30	3.30	37	8.26
Soil mellowing, application of chemicals and fertilizer (machinery hire)	lump sum	1	560	1	1,400
Fertilizer (N)	kg	150	1.34	170	4.14

Fertilizer (P)	kg	80	2.14	90	4.96
Fertilizer (K)	kg	50	1.70	60	8.28
Organic fertilizer	ton	35	30.00	25.00	93
Chemicals	lump				
	sum	1	400	1	1,655
Irrigation	sum	1	64.00	1	232
Electricity	kWh	6,000	0.14	5,000	0.51
Labor (2 persons x 7 months)	month	14	320.00	14	800
	lump				
Administration	sum	1	1,695	1	5,035
	lump				
Other expenses	sum	1	200.00	1	625.32

Note: Uzbek Sum has depreciated significantly from SUM/\$2,900 in 2016 (at the time of appraisal analysis) to SUM/\$11,000 in early 2022 (at the time of PCR analysis).

Source: consultant estimates.

**Table A13.8: Operating Budget for Cherry (Year 7 at Full Operation)**

Item	Unit	Appraisal estimate		PCR estimate	
		Quantity	SUM/unit '000 (econ. value)	Quantity	SUM/unit '000 (econ. value)
<b>Outputs</b>					
Cherry	kg	30,000	8.21	30,000	37.94
<b>Operating costs</b>					
Operation and maintenance of drip irrigation system	kg	10	11,220	10	40,311
Soil mellowing, application of chemicals and fertilizer (fuel)	liter	40	3.30	40	9.44
Soil mellowing, application of chemicals and fertilizer (machinery hire)	lump sum	1	560	1	1,601
Fertilizer (N)	kg	200	1.34	200	4.73
Fertilizer (P)	kg	100	2.14	100	5.68
Fertilizer (K)	kg	50	1.70	50	9.47
Organic fertilizer	ton	40	30.00	40	10727
Chemicals	lump				
	sum	1	400	1	1,893
Irrigation	sum	1	64	1	265
Electricity	kWh	6,000	0.14	6,000	0.58
Labor (2 persons x 7 months)	month	14	320	14	915
	lump				
Administration	sum	1	1,695	1	5,758
	lump				
Other expenses	sum	1	200	1	715

Note: Uzbek Sum has depreciated significantly from SUM/\$2,900 in 2016 (at the time of appraisal analysis) to SUM/\$11,000 in early 2022 (at the time of PCR analysis).

Source: consultant estimates.

**Table A13.9: Operating Budget for Cabbage (Year 5 at Full Operation)**

Item	Unit	Appraisal estimate		PCR estimate	
		Quantity	SUM/unit'000 (econ. value)	Quantity	SUM/unit'000 (econ. value)
<b>Outputs</b>					

Cabbage	kg	30,000	0.50	30,000	2.33
<b>Operating costs</b>					
Seed	kg	2	80.00	2.22	289.02
Fuel	liter	300	1.65	287.38	4.74
Machinery hire	lump sum	2	150.00	1.85	431.47
Fertilizer (N)	kg	400	1.34	410.68	1.89
Fertilizer (P)	kg	300	2.14	307.78	1.28
Fertilizer (K)	kg	150	1.70	152.96	4.00
Organic fertilizer	ton	20	20.00	32.45	71.91
Chemicals	lump sum	2	200.00	1.85	952.01
Irrigation (number per ha)	lump sum	2	15.00	1.85	62.66
Electricity	kWh	0	0.00	0.00	0.00
Labor (5 persons x 3 months)	month	3	320.00	2.78	920.47
Taxes	lump sum	2	160.00	1.85	546.54
Other expenses	lump sum	2	735.15	1.85	2,643.30

Note: Uzbek Sum has depreciated significantly from SUM/\$2,900 in 2016 (at the time of appraisal analysis) to SUM/\$11,000 in early 2022 (at the time of PCR analysis).

Source: consultant estimates.

**Table A13.10: Operating Budget for Fruit Tree Nursery (Year 5 at Full Operation)**

Item	Unit	Appraisal estimate		PCR estimate	
		Quantity	SUM/unit '000 (econ. value)	Quantity	SUM/unit '000 (econ. value)
<b>Outputs</b>					
Fruit tree seedlings	seedling	47,500	7.00	42,750	22
<b>Operating costs</b>					
Propagation materials (rootstock)	kg	50,000	3.00	45,000	9
Propagation materials (scion)	liter	50,000	1.00	45,000	3
Fertilizer	lump sum	1	663.50	1	2252
Organic fertilizer	kg	1	900.00	1	0
Chemicals	kg	1	999.95	1	2702
Machinery hire	kg	1	1,200.00	1	5404
Labor - skilled	ton	36	400.00	36.00	1361
Labor - unskilled	lump sum	60	200.00	60.00	544
Guard	lump sum	12	200.00	12.00	544
<b>Fixed costs</b>					
Management & administration (owner salary)	month	12	500	12	420
Utility costs	month	1	200	1	232
Office costs	month	1	50	1	50
Promotion	sum	1	50	1	50
Miscellaneous	sum	1	50	1	50

Note: Uzbek Sum has depreciated significantly from SUM/\$2,900 in 2016 (at the time of appraisal analysis) to SUM/\$11,000 in early 2022 (at the time of PCR analysis).

Source: consultant estimates.

**Table A13.11: Operating Budget for Cold Storage (Year 5 at Full Operation)**

Item	Unit	Appraisal estimate		PCR estimate	
		Quantity	SUM/unit '000 (econ. value)	Quantity	SUM/unit '000 (econ. value)
<b>Outputs</b>					
Rental income	m2	4,500	50.00	4,500	140
<b>Operating costs</b>					
Electricity	kWh	99,900	0.14	99,900	0.56
Generator running cost	hour	675	11.55	675	33
Technician	month	12	247.50	12	720
Forklift driver	month	12	280.50	12	1,191
Assistants	month	18	165.00	18	794
Office assistant	month	12	165.00	12	794
Guard	month	24	165.00	24	600
Repairs & mtce - civil works (1% of cost)	lump sum	1	1,000.00	1	4,379
Repairs & mtce - plant & equipment (1% of cost)	lump sum	1	4,595.81	1	16,542
Repairs & mtce - office equipment (1% of cost)	lump sum	1	92.49	1	511
<b>Fixed costs</b>					
Store manager	month	12	1386	12	1,386
Supervisor	month	12	446	12	446
Accountant	month	12	281	12	281
Electricity	year	1	1650	1	1,864
Water	month	12	281	12	317
Gas	month	12	281	12	317
Communications	year	1	5511	1	5,868
Administration & promotion	sum	1	5511	1	5,511

Note: Uzbek Sum has depreciated significantly from SUM/\$2,900 in 2016 (at the time of appraisal analysis) to SUM/\$11,000 in early 2022 (at the time of PCR analysis).

Source: consultant estimates.

**Table A13.12: Operating Budget for Fruit Processing (Year 5 at Full Operation)**

Item	Unit	Appraisal estimate		PCR estimate	
		Quantity	SUM/unit '000 (econ. value)	Quantity	SUM/unit '000 (econ. value)
<b>Outputs</b>					
Apple juice concentrate	ton	1,750	4,400	1,200	18,212
Apricot puree	ton	135	6,250	75	25,870
Peach puree	ton	135	6,250	75	25,870
Other fruit purees	ton	40	5,000	30	20,696
Fruit juices	'000 liters	5,000	2,900	5,000	12,004
<b>Operating costs</b>					
Apple	kWh	9,200	1,500	9,576	6,208.78
Apricot	hour	1,000	1,500	599	6,209
Peach	month	1,000	1,700	599	7,037
Other fruit	month	105	1,200	239	4,967
Miscellaneous ingredients	month	1	51,840	1	59,677
Packing materials	month	1	518,400	1	596,773
Utilities	month	1	285,000	1	247,826
Staff salaries	lump sum	1	286,818	1	209,502
Maintenance & repairs (0.0% of investment cost)	lump sum	1	423,000	1	1,536,715

Management & administration (0.0% of sales revenue) lump sum	1	573,875	1	579,828
Marketing & sales (0.0% of sales revenue)	1	573,875	1	399,217
Other overheads (0.0% of sales revenue) month	1	1,147,750	1	948,141

Note: Uzbek Sum has depreciated significantly from SUM/\$2,900 in 2016 (at the time of appraisal analysis) to SUM/\$11,000 in early 2022 (at the time of PCR analysis).

Source: consultant estimates.

**Table A13.13: PCR Analysis Results**

Item	Standard Greenhouse (Tomato) (1 ha)	Hydroponic Greenhouse (Tomato) (1 ha)	Grape (1 ha)	Cherry (1 ha)	Dehkan Field Production (Cabbage) (1 ha)	Fruit Tree Nursery (1 ha)	Cold Storage <sup>a</sup> (5,000 m <sup>2</sup> )	Fruit Processing (12,000 tons)
Total incremental output per year (units)	25,000 kg	90,000 kg	30,000 kg	30,000 kg	30,000 kg	47,500 seedling	n/a	1,380 tons concentrate; 5,000-liter juice
Total cost of investment (SUM '000)	1,366,149	7,994,306	308,384	114,343	171,857	385,864	1,798,521	21,419,078
Total revenue (SUM '000)	389,208	1,369,035	591,863	1,138,198	69,809	1,045,000	564,000	86,374,443
Total operating and fixed costs (SUM '000)	27,002	76,900	310,153	436,309	17,218	728,011	156,996	75,465,362
Net profit (SUM '000)	362,206	1,292,135	281,710	701,889	52,591	316,989	404,004	10,909,081
Investment financing requirement (SUM '000)	1,024,611	5,995,729.57	231,288	85,757	128,892	289,398	1,348,891	16,064,308
Equity contribution requirement (SUM '000)	341,537	1,998,576.52	77,096	28,586	42,964	96,466	449,630	5,354,769
EIRR <sup>b</sup> (%)	23.2	6.4	8.4	13.2	24.5	15.5	11.4	21.8
Sensitivity analysis – switching values (%) on EIRR								
Revenues	30.9	-29.8	-9.3	3.1	28.0	3.9	-2.0	3.6
Investment costs	49.8	-24.2	-56.9	72.6	60.8	41.1	-2.8	70.9
Operating costs	446.0	-445.8	-10.0	3.4	107.4	4.5	-6.2	3.9

EIRR = economic internal rate of return

Notes:

<sup>a</sup> There is no incremental output. Income is from storage rental<sup>b</sup> EIRRs estimated based on 10-year analytical period

Source: consultant estimates.